



ANNUAL REPORT

2020



DODS GROUP PLC

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Dods is a leading technology company specialising in business intelligence, media and technology resourcing. With extensive capability in machine learning and AI, we manage and transform large volumes of data and information across multiple industries, for some of the UK's leading business intelligence providers. In the political and regulatory domains, we have built a reputation for high quality, unbiased content across all of our products and services in Westminster, Edinburgh, Paris and Brussels.

Chairman's statement

It is with great sadness that I report the passing of our former Chairman, David Hammond, on the 18 June 2020. David was appointed as Non-Executive Chairman on 1 August 2018 and then Executive Chairman on 22 January 2020. David was always extremely encouraging to other Board members, senior management and staff alike, with a great eye for detail and sharp intellect. His contribution to the Group has been significant and he will be greatly missed. It was under these regrettable circumstances that I was appointed Interim Non-Executive Chairman of the Company

2020 Financial Year

With the inclusion of approximately 8.5 months' of Merit results, the Group's revenue from continuing operations increased by 30% to £27.8 million (2019: £21.3 million) and gross profit increased by 13% to £8.9 million (2019: £7.9 million).

The 2019 Chairman's statement outlined an ongoing strategic review of the business, and a focus on a strategy that seeks to deliver growth by increasing average client spend, pivoting away from policy dependent products, raising operating margins through increased commercialisation of the Group's proprietary data and enhancing its existing portfolio. The Group continues to progress this strategy and continues to seek to simplify and strengthen its core business to deliver sustainable shareholder value in the long term.

During the year, the Group strengthened its leadership team, including the appointment of a Chief Information Officer, Chief Revenue Officer and a new Chief Financial Officer.

As outlined in the trading update issued on 22 January 2020, the uncertain political and economic environment during the 2020 financial year, which included a December General Election, adversely impacted the Group's publishing, events and training businesses. Further to this, the COVID-19 virus had a detrimental impact on the last month of Group results, particularly on the Group's events and training businesses.

Significant Acquisition

On 18 July 2019, Dods successfully completed its acquisition of Meritgroup Limited ("Merit"). The Board

believes that this acquisition will be a transformational deal for the Group and will enable it to diversify its service offering into faster growing, higher margin activities.

The addition of Merit brings a deep technical knowledge and expertise in the field of data engineering, machine learning and artificial intelligence to the Group, which when combined with Dods' considerable expertise in analysis and content creation, it will make the enlarged Group a leading business intelligence organisation.

Merit brings a highly educated, agile and diverse team with impressive technical capabilities based in Chennai, Mumbai and London which will enrich the existing operations of the Group in London, Edinburgh, Brussels and Paris. The addition of Merit will enable customers to rapidly test and adapt new technologies to transform their services. With an emphasis on remaining at the forefront of innovation in new technologies, Merit will leverage the significant resident domain knowledge across the Group to drive actionable business outcomes for its customers.

The integration of Merit was successfully completed during the 2020 financial year.

Board Changes

Following the appointment of new senior management to the Group and the successful integration of Merit, Simon Presswell stepped down as Director and Group Chief Executive Officer on 22 January 2020.

On 24 February 2020, the Group's Chief Financial Officer, Nitil Patel, stepped down as Director of the Company. Subsequently on 30 March 2020 Simon Bullock was appointed as Nitil Patel's replacement as Chief Financial Officer. Simon Bullock was appointed to the Dods Group plc Board on 1 June 2020.

On 1 June 2020, it was also announced that:

- Cornelius Conlon, the Group's Chief Technology Officer, would take up the position of Managing Director, Dods Technology
- Munira Ibrahim, the Group's Chief Revenue Officer, would take up the position of Managing Director, Dods Intelligence.

Both Cornelius Conlon and Munira Ibrahim were also appointed to the Dods Group plc Board on 1 July 2020.

Chairman's statement continued

Outlook

The Group has made great progress in the year to 31 March 2020 in terms of its expanded revenues and reduced losses. We have successfully integrated an enormous amount of technology talent at Merit and the new management team put in place earlier this year are running the business successfully and implementing a strategy that will ensure the Group has sustainable revenue streams in the medium to long term.

Dods has leading experience, knowledge and understanding developed over the decades in the political, regulatory and civil service landscape of the UK and Europe. Merit is one of the UK's leading providers of data collection, curation and data transformation services for the business information industry.

We believe that this combination will make Dods an invaluable partner for global organisations who operate and trade under both UK and EU regulatory environments driving revenue growth and profits in the coming years.

The emergence of COVID-19 has lent uncertainty to our core markets and the Board at this stage cannot predict the medium to long-term effects of the pandemic, and therefore does not expect to be able to issue any forward looking statements or guidance for the foreseeable future.

Our bank has been very supportive and agreement has been reached with them that provides us with the cash resources we need in the medium term.

I should acknowledge the dedication and commitment of our employees who have been fantastic in these difficult times, and with their continued help we will emerge stronger in the future.

Finally, I would like to thank our shareholders and customers for their loyalty and continued support.

Mark Smith
Interim Non-Executive Chairman

2 September 2020

CFO Review

Despite 2020 being a challenging year reflecting both the uncertain political and economic environment as well as the impact of COVID-19 in Q4, the successful acquisition of Merit in July 2019 resulted in an increase in Group revenue. In line with Board expectations, the Group was impacted by a decrease in Dods Intelligence business revenue, reflecting the conditions outlined above. However, as mentioned previously the Group is prioritising a strategy that seeks to deliver growth by increasing average client spend, pivoting away from policy dependent products, raising operating margins through increased commercialisation of the Group's proprietary data and enhancing its existing portfolio. As we continue to advise, inform and connect businesses in the political and policy environment, we will be looking to upgrade our digital offering in our Business Intelligence products. The Group continues to reduce its reliance on print and advertising as it replaces these revenue sources with more reliable, recurring revenue streams, including increasing our subscription-based revenues and multi-year contracts.

On 18 July 2019, Dods successfully completed its acquisition of Merit. The acquisition was paid for through a mixture of cash and new ordinary shares in the Company. A capital fundraise of £13 million and a new £5 million debt facility were entered into to fund the cash component of the acquisition.

Adjusted results are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including exceptional items (material and non-recurring), and volatile items predominantly relating to investment activities and other separately reported items.

In addition, the Group also measures and presents performance in relation to various other non-GAAP measures including adjusted operating profit and adjusted EBITDA. Adjusted results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results.

Adjusted operating profit

	2020 £'000	2019 £'000
Operating loss before tax	(862)	(5,776)
Impairment expense – investment in equity accounted associate	–	1,231
Impairment expense – intangible assets	–	259
Increased amortisation of software intangible assets	–	1,230
Amortisation of intangible assets acquired through business combinations	711	351
Non-recurring acquisition costs and professional fees	171	2,239
Other non-recurring items	865	1,029
Adjusted Operating Profit	885	563

Revenue and operating results

With the inclusion of approximately 8.5 months' of Merit results, the Group's revenue from continuing operations increased by 30% to £27.8 million (2019: £21.3 million) and gross profit increased by 13% to £8.9 million (2019: £7.9 million).

Gross margin decreased from 37% to 32% in the year. The decrease in gross margin was largely due to a change in product mix following the addition of Merit during the year. The Group has adopted IFRS 16 Leases effective 1 April 2019 and as a result, operating lease charges previously included within administrative costs are now included as right-of-use depreciation and lease interest charges. The impact of this has been a decrease of approximately £1.6 million to administrative costs.

Adjusted EBITDA increased to £2.8 million (2019: £1.5 million), largely impacted by the IFRS16 changes outlined above. Operating loss was £0.9 million (2019: loss of £5.8 million), after non-cash items including an amortisation charge of £0.7 million (2019: £0.4 million) for business combinations and a charge of £0.2 million (2019: £1.8 million) for intangible software assets. The depreciation charge in the year increased slightly to £0.5 million (2019: £0.4 million) and a right-of-use depreciation charge of £1.2 million (2019: £nil) was booked in relation to IFRS16. For the prior year, the increased amortisation charge for software intangibles reflects the strategic review carried out by the new Board on the useful economic life of the software platform developed in-house by the Group. Non-recurring acquisition related costs, impairment expense, people-related costs and

CFO Review continued

other costs were £1.0 million (2019: £4.8 million). This decrease is principally a result of the fact that the prior year included £2.3 million of acquisition costs as well as £1.5 million of impairment charges.

The statutory loss before tax for the year was £1.3 million (2019: loss before tax of £5.7 million).

Taxation

The Group has booked a tax credit of £0.1 million for the year (2019: credit of £0.2 million).

Earnings per share

Adjusted earnings per share, both basic and diluted, from continuing operations in the year were 0.12 pence (2019: loss of 0.12 pence) and were based on the adjusted profit for the year of £0.6 million (2019: loss of £0.4 million) with a basic weighted average number of shares in issue during the year of 492,696,964 (2019: 341,640,953).

Earnings per share, both basic and diluted, from continuing operations in the year were a loss of 0.24 pence (2019: loss of 1.62 pence) and were based on the net loss for the year of £1.2 million (2019: loss of £5.5 million).

Dividend

The Board is not proposing a dividend at this time (2019: £nil).

Assets

Non-current assets consisted of goodwill of £28.9 million (2019: £13.3 million), intangible assets of £11.2 million (2019: £6.4 million) and property, plant and equipment of £2.1 million (2019: £2.1 million). The increases to goodwill and intangible assets reflect the acquisition of Merit during the year. The Group, since February 2017, has held a 40% stake in the issued share capital of Sans Frontières Associates (SFA) and has loaned SFA £0.5 million (2019: £0.7 million) at the year end, the movement reflecting part-repayment during the year. The loan is unsecured and carries no interest charge. The carrying value of this investment increased to £0.2 million during the year (2019: £nil) reflecting the Group's share of profit for the year. Additionally, the Group has held a 30% stake in Social 360 since November 2017 which it carries at £0.5 million (2019: £0.5 million).

As mentioned previously, the Group has adopted IFRS16 Leases effective 1 April 2019. As a result, operating leases have been recognised on balance sheet as right-of-use

assets and lease liabilities. Under the modified retrospective approach the Group has not restated prior periods. The impact has been to increase non-current assets by £7.9 million (2019: £nil) at the balance date.

Trade and other receivables increased by £4.2 million to £7.8 million (2019: £3.6 million) as a result of the Merit acquisition. Included in prepayments is an amount of £0.8 million due in cash to certain former shareholders of Merit. The corresponding amount is in current and non-current liabilities as other payables.

Liabilities

Current liabilities increased by £6.5 million to £18.0 million (2019: £11.5 million) as a result of the Merit acquisition (including deferred consideration), the current component of the lease liability arising on the adoption of IFRS16 and the impact of the current component of the bank loan. The increase is partly offset by the decrease in accruals relating to acquisition costs (2019: £1.5 million).

The £0.9 million (2019: £0.5 million) deferred tax liability balance reflects a £0.7 million increase arising from the acquisition of Merit, offset by a credit booked in the deferred tax liability of £0.3 million (2019: £0.3 million). In FY20, non-current liabilities also reflect the non-current component of the lease liability and amounts recognised in relation to the acquisition which are payable in both shares and cash to certain Merit vendors.

Capital and Reserves

Total assets of the Group were £63.9 million (2019: £35.0 million) with the main movements being the additions to intangibles and other assets associated with the Merit acquisition. Total equity increased by £12.8 million to £35.8 million (2019: £23.0 million), largely reflecting the issue of shares in July 2019, partly offset by the loss for the year.

Liquidity and capital resources

During the year, the Group borrowed a term loan of £3.0 million (2019: £nil) over a 5-year period carrying a rate of 3.25% over LIBOR. The full amount was outstanding at year end. In addition, the Group also drew down on a revolving credit facility (RCF) during the year of £2.0 million. This RCF balance was repaid subsequently and at balance sheet date the outstanding amount was £nil (2019: £nil).

The Group has a cash and cash equivalents balance of £4.4 million (2019: £8.4 million) and a net cash position of £1.4 million (2019: £8.4 million).

CFO Review continued

Updated banking facilities and covenant waiver

During the year end audit process, the Group became aware of a change in a contractual obligation that existed as at 31 March 2020 that caused it to be in breach of one of its three banking covenants.

The Group has secured a waiver from the bank for this breach; however, because the waiver was not in place as at the balance sheet date the entire £3 million loan balance has been classified as current in these financial statements. The Group expects the £3 million loan balance to be classified as long term liability in its interim result balance sheet on 30 September 2020.

In the 12 month period from the balance sheet date capital repayments of £0.4 million will be repaid to the bank with the remaining £2.6 million due in subsequent periods. The group continues to enjoy the support of Barclays Bank plc and agreement has been reached on new covenants to support the Group in 2021.

Simon Bullock
Chief Financial Officer

2 September 2020

Directors' report

Principal activities and business review

The Group's principal activity is the creation and aggregation of high quality information and data and the provision of services through a combination of online information and digital services, training courses, conferences and events, publications and other media. The Group operates primarily in the UK, Europe and India and has market-leading positions in much of its portfolio. A review of the Group's performance during the year and its position at the year end, including commentary on its financial performance, likely future developments and prospects, is set out on pages 2 to 6 and should be read in conjunction with this Report. A description of the principal risks and uncertainties facing the Group can be found in this Report on page 12. The purpose of the Annual Report is to provide information to the shareholders of the Company and other stakeholders. The Annual Report contains certain

forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends

The Group's financial results for the year are shown in the Consolidated Income Statement on page 24. The Board of Directors have decided not to pay a dividend.

Financial instruments

Details of financial instruments can be found in note 19 to the accounts.

Directors

The Directors who held office during the period and up to the date of signing these financial statements were:

Dr David Hammond	Chairman and Non-Executive director (until 21 January 2020) Executive Chairman (from 22 January 2020 until 17 June 2020)
Mark Smith	Non-Executive director (until 17 June 2020) Interim Non-Executive Chairman (from 17 June 2020)
Richard Boon	Non-Executive director
Angela Entwistle	Non-Executive director
Diane Lees CBE	Non-Executive director
Simon Bullock	Chief Financial Officer (appointed 1 June 2020)
Munira Ibrahim	Managing Director, Dods Intelligence (appointed 1 July 2020)
Cornelius Conlon	Managing Director, Dods Technology (appointed 1 July 2020)
Simon Presswell	Former Chief Executive Officer (resigned 22 January 2020)
Nitil Patel	Former Chief Financial Officer (resigned 24 February 2020)

Directors' report continued

Directors' biographies

Mark Smith^(A, M)

Interim Non-Executive Chairman

Mark Smith is a media and communications expert, and a qualified Chartered Accountant. Mark served as Chief Operating Officer and CFO of Chime Communications plc from 1994 to 2017. He is currently Non-Executive Chairman of Holiday Extras, a major travel and leisure business which is privately owned, Non-Executive Chairman of Panoply Holdings plc, an AIM listed company delivering digital transformation projects for clients mostly in the Public Sector and Non-Executive Chairman of The Unlimited Marketing Group a UK based private equity owned marketing services business. He joined the Dods Group plc Board on 29 November 2017 and was appointed Interim Non-Executive Chairman on 17 June 2020.

Richard Boon^(A, M)

Non-Executive Director

Richard Boon is a Chartered Financial Analyst with over 30 years of investment experience, having earlier professionally qualified in both Law and Accountancy. After working in corporate finance on privatisations in N.Z during the 1980s, he moved to the UK as Head of Regulatory Policy at The Post Office in 1993, when its privatisation was first considered. From 1995-2001 he worked as a Global Equity Portfolio Manager at Morgan Stanley Asset Management and from 2001-2004 as a Managing Director and U.S. Equity Portfolio Manager at Merrill Lynch Investment Managers. In 2005 he founded hedge fund manager Artefact Partners LLP and has acted as an advisor to private equity firm Torchlight from 2013 onwards. Over the past decade he has focused on M&A in the media and real estate sectors, and was a Non-Executive Director of Local World at the time of its successful sale in 2015 to Trinity Mirror. He is also a Non-Executive Director of Aim Listed KCR Residential Reit Plc.

Angela Entwistle^(R)

Non-Executive Director

Angela is a Corporate Communications Specialist working with companies in the private sector including Deacon Street Partners Limited, Conservative Home Limited and Biteback Publishing Limited and was appointed as Non-Executive Director of Dods Group in November

2017. She is also a Non-Executive Director of Impellam Group plc, a leading Global Talent Acquisition and Managed Workforce Solutions provider, and Carlisle Support Services, one of the leading suppliers of value-added solutions across the public and private sectors in the UK and Ireland. Angela was Corporate Communications Director of ADT Limited, an international business services company and the world's leader in electronic security solutions, from 1986 to 1997. Angela is significantly involved in a number of charities including acting as Trustee of both Crimestoppers, the only UK charity dedicated to solving crimes, and Prospect Education (Technology) Trust Limited, the umbrella charity of the Ashcroft Technology Academy. Angela Entwistle is not considered to be independent due to her links with the companies' largest shareholder.

Diane Lees CBE^(R)

Non-Executive Director

Diane Lees CBE, is Director General of Imperial War Museums, She is also Chair of the Board of Governors for the University of Lincoln. Other board positions include being Vice President of the American Air Museum in Britain, Trustee of the Gerry Holdsworth Special Forces Trust and Director of IWM Trading Company. She is a member of the Women Leaders in Museums Network. She was awarded a CBE for services to Museums in 2014.

Simon Bullock

Chief Financial Officer

Simon Bullock joined Dods Group plc, as CFO, on 30 March 2020. After an early career with Mars and GE, Simon qualified as a Chartered Management Accountant in 1996. He brings over 30 years finance experience including more than 20 years' operating at CFO level across a wide range of complementary sectors including media, events, SaaS and technology. Wider sector experience includes financial services, retail, mining exploration and residential construction. Simon was the founding CFO of Gigaclear, the leading rural broadband provider, and during his tenure the business grew significantly with headcount increasing from 15 to 150 people; notable achievements included raising £70 million in equity, £20 million in debt and £10 million in Government grants. Simon was appointed a Director of the Group on 1 June 2020.

^A Member of the Audit Committee

^R Member of the Remuneration Committee

^M Member of the Mergers and Acquisitions Committee

Directors' report continued

Munira Ibrahim

Managing Director, Dods Intelligence

Munira Ibrahim joined Dods as the CRO in May 2019 and was promoted to Managing Director, Dods Intelligence on 1 June 2020. Munira is a media professional with strong management, financial (ACCA Qualified), sales and business development credentials and an in-depth knowledge of international media across all platforms. After qualifying as an accountant and moving to CNBC, Munira moved to the sales and production side of the business in 2002 where she led the sales operations side of the business and built the international teams branded content and digital capabilities. After 15 years at CNBC, Munira joined Reuters as Head of Broadcast Solutions overseeing the global editorial teams across 12 locations, later being promoted to SVP of Sales and Content Solutions. Munira was appointed a Director of the Group on 1 July 2020.

Cornelius Conlon

Managing Director, Dods Technology

Cornelius Conlon is the founder of Merit; a leading provider of big data and technology solutions in the UK which was acquired by the Group in July 2019. Cornelius is a technology entrepreneur with over 25 years of experience in the data and software realms, in addition to a successful track record of building high performing teams and running successful technology businesses in Ireland, the UK and India. Cornelius joined the Group upon the acquisition of Merit and on 1 June 2020 became Managing Director of Dods Technology. He joined the board of Dods Group plc on 1 July 2020.

Directors' interests

Details of the directors' interests (including those of their immediate families and any connected persons) in the share capital of the Company at the beginning and end of the year are set out below. Save as disclosed, no contracts or arrangements were entered into during the year or subsisted at the year-end in which a director had, directly or indirectly, a material interest which was significant in relation to the Group's business.

	Interest in ordinary shares	
	At 1 April 2019	At 31 March 2020
Dr David Hammond (deceased 17 June 2020)	–	–
Richard Boon and immediate family	–	1,076,693
Angela Entwistle	–	–
Diane Lees CBE	40,800	40,800
Mark Smith	226,172	621,067
Simon Bullock (appointed 1 June 2020)	–	–
Munira Ibrahim (appointed 1 July 2020)	–	153,846
Cornelius Conlon (appointed 1 July 2020)	–	6,995,856
Nitil Patel (resigned 24 February 2020)	138,297	n/a
Simon Presswell (resigned 22 January 2020)	118,511	n/a

In addition, Simon Presswell has an interest in options over ordinary shares. 1,562,000 options were granted in the prior year and the balance at 31 March 2020 was 1,562,000.

As one of the three core sellers of Merit, Cornelius Conlon is entitled under the purchase agreement to receive ordinary shares in the Company on the first and second anniversaries of the acquisition, as part consideration for the acquisition. The number of shares is variable and based on a monetary value. The first anniversary issue was completed post the balance sheet date, in August 2020. Cornelius Conlon was issued 13,333,819 shares, taking his interest in ordinary shares to 20,329,675.

Save as disclosed, none of the directors had any interest in the securities of the Company or any Subsidiary.

The market-price of a Company share during the 12 months was as follows:

Opening share price: 1 April 2019	6.88 pence
Closing share price: 31 March 2020	2.85 pence
Average share price during the year	6.04 pence

Directors' report continued

Share listing

The Company's Ordinary shares are listed on the Alternative Investment Market (AIM: DODS), which is regulated by the London Stock Exchange.

Employee involvement

Dods aims to attract, retain and motivate its employees by encouraging and rewarding high performance, both on an individual and team contribution basis, through competitive remuneration and incentive arrangements. Efforts are made to provide employees with continuing opportunities to develop their full potential and advance to positions of greater responsibility by gaining the relevant skills and experience required to deliver upon both the Group's business objectives and the individual's own personal objectives. The Group is committed to providing equality of opportunity to all existing and prospective employees without discrimination. In addition, it is supportive of the employment and advancement of disabled persons. All operations within the Group actively encourage employee involvement and communication, both through regular employee briefings and by direct access to managers and directors at all levels.

Employee share schemes

Share options have been granted under three discretionary share incentive schemes to certain employees from those principal countries in which the Group operates. Further details of these share option schemes are set out in note 26 to the accounts.

Political and charitable donations

No political donations were made in the year (2019: £nil). Approximately £8K (2019: £nil) in charitable donations were made during the year, which consisted of legacy donations through the Merit business in India.

Retirement and rotation of directors

Pursuant to the Company's Articles of Association, all directors are subject to re-election at least every three years. The service contracts of the Executive Directors and the letters of appointment of the Non-Executive directors are available for inspection by shareholders at the Company's registered office during normal business hours.

Directors' and Officers' indemnity insurance

The Group has taken out an insurance policy to indemnify the directors and officers of the Company and its subsidiaries in respect of certain liabilities which may attach to them in their capacity as directors or officers of the Group, as far as permitted by law. This insurance policy subsisted throughout the year and remains in place at the date of this report. The Group has also given directors a limited indemnity as allowed under the Companies Act 2006.

Substantial shareholdings

As at 11 August 2020, the Company had been notified of the following interests in 3% or more of its issued share capital:

Lord Ashcroft KCMG PC	42.00%
Gresham House Asset Management Limited	11.74%
Schroder Investment Management Limited	8.60%
Sasqua Fields Management LLC	5.61%
Cornelius Conlon	3.49%

Share capital

At the balance sheet date the issued share capital of the Company was 555,929,713 ordinary shares of £0.01 each. As at 11 August 2020, the issued share capital of the Company was 582,071,380 ordinary shares of £0.01 each. The movement reflects the allotment of 26,141,667 new ordinary shares in August 2020, in connection with its deferred consideration obligations entered into as part of the Company's acquisition of Merit.

Health, safety and environmental

The Executive Directors are responsible to the Board for the health, safety and environmental performance of the Group. Local management has been delegated responsibility for practical day-to-day compliance with relevant legislation at operating unit level. This includes the requirement for a local policy statement, the provision of appropriate related training as well as the communication to all employees of the need to create and maintain a safe and healthy working environment. In appreciating the importance of good environmental practice, Dods seeks to ensure that its operations and products cause minimum detrimental impact to the environment. The Group's objective is to comply with environmental legislation in all countries in which it operates and to promote effective environmental management throughout its business.

Directors' report continued

Anti-bribery

It is our policy to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

Statement of disclosure of information to the auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

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

To the best of our knowledge:

- the group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor and to authorise the directors to determine their remuneration will be proposed at the forthcoming AGM.

Annual General Meeting

The Annual General Meeting of the Company will be held on 29 September 2020 at the offices of Dods Group plc in London, at which the directors will present their annual report together with the audited financial statements of Dods Group plc (the "Company") and its subsidiaries (together, the "Group") for the 12 months ended 31 March 2020. The Notice of Meeting and Explanation of Special Business accompanies this document.

Directors' Section 172(1) Statement

Below, the directors outline the matters they must consider in meeting the requirements of Section 172(1) of the Companies Act 2006:

- **The likely consequences of any decision in the long term** – Strategic and other long-term decisions made by the Board are made after Board and, where appropriate, senior management discussion and in conjunction with supporting information, compiled by either senior management, or external advisers. The considerations outlined in the five points below form part of any decision that may have a long-term impact.
- **The interests of the Company's employees** – The Company values the interests of its employees, which are its biggest asset. Employee involvement and engagement is discussed on page 10 of this annual report.
- **The need to foster the Company's business relationships with suppliers, customers and others** – The Board understands that long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (customers, suppliers, regulators and others). The Company is dedicating significant time to understanding and acting on the needs and requirements of each of these groups via meetings, surveys, feedback and appraisals.
- **The impact of the Company's operations on the community and the environment** – By their nature the Group's regular operations are judged to have a low environmental impact. Despite this, the Group will continue to look to make improvements to the impact it may have on the environment.

Directors' report continued

- **The desirability of the Company maintaining a reputation for high standards of business conduct** – As outlined in the Corporate Governance section of this annual report, the Company has decided to apply, so far as it is reasonable and practical to do so given the size of the Group, the QCA Code and its ten principles. In addition to being guided by the QCA Code, the Company has various policy and procedure documents in place, including a whistleblower policy, to ensure employee conduct is of a high standard.
- **The need to act fairly as between members of the Company** – The Company regularly seeks the advice of its Nomad on matters relating to this point. It maintains a clear contact page on its website which investors can use to communicate with the Company and communications are reviewed by the Chairman and executive. The Company Secretary can also be contacted by shareholders on matters of governance and investor relations.

Principal risks and uncertainties

Risks	Mitigating Actions	Opportunity
Geo-political Brexit negotiations, global political tensions and potential trade issues with the major trading blocs could cause uncertain economic conditions.	Dods continues to focus on growing a diverse range of customers, in different markets, which helps to mitigate this risk.	To be well positioned with a balanced portfolio of customers and markets.
Technology changes The markets in which Dods operates are constantly changing due to rapid technology advancements.	Constant focus on efficiency programmes in service delivery platforms and increasing the quality of our content.	As volume of information grows, and becomes more readily available, there is a greater need for users to receive the type of curated information provided by Dods.
Further migration of print advertising to online An industry wide change.	Dods continues to invest and develop in digital expertise and platforms.	Further capitalise on our diverse brand portfolio.
People Succession planning.	Increased our talent and leadership capacity with key hires.	We are implementing key employee engagement programmes.
Data storage/cyber attack Loss, integrity and breach of data.	Effective data management detailing where all business data is stored and how, together with ISO27001 Information Security Management System containing these controls. Intrusion detection monitoring software exists on our network.	As part of implementing GDPR we are reviewing data stores, security, processes and procedures and continue to monitor on an ongoing basis.
GDPR Stricter rules on how data is handled.	Delegated Limits of Authority, setting out requirements for approval and execution of legally binding documents (limits set by value and legal risk).	Cleansing of data, new procedures and more effective marketing should benefit Dods in the long term.
COVID-19 and other pandemics Impact on face-to-face events and training business, as well as more general macroeconomic impacts.	Remote working for employees; deferral of statutory payments where allowable; accessing the government furlough scheme; the agreement of a covenant and loan repayment holiday with the Group's bankers; a reduction in Board and senior management remuneration; a roll out of online delivery capabilities for our training and events businesses; and various other strategic and operational actions. It is not considered appropriate to comment on opportunities arising.	

Simon Bullock
 Chief Financial Officer

2 September 2020

Corporate governance

It is a requirement of Rule 26 of the AIM Rules for Companies that the Company's website contains details of the corporate governance code that Dods has decided to apply and how the Company complies with that code.

As a company listed on AIM, Dods is not required to comply with the UK Corporate Governance Code. The corporate governance code that the directors have decided to apply instead, so far as it is reasonable and practical to do so given the size of the Group, is the Corporate Governance Code for Small and Mid-Size Quoted Companies (2013) produced by the Quoted Companies Alliance (the "QCA Code"). The Board notes that the QCA Code refers to certain minimum disclosures which must be seen to be addressed in order for a company to say that it complies with the QCA Code.

The ten principles of the QCA Code are as follows:

- **Principle 1** – Establish a strategy and business model which promote long-term value for shareholders.
- **Principle 2** – Seek to understand and meet shareholder expectations.
- **Principle 3** – Take into account wider stakeholder and social responsibilities and their implications for long-term success.
- **Principle 4** – Embed effective risk management, considering both opportunities and threats, throughout the organisation.
- **Principle 5** – Maintain the board as a well-functioning, balanced team led by the chair.
- **Principle 6** – Ensure that between them the directors have the necessary up-to-date experience skills and capabilities.
- **Principle 7** – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
- **Principle 8** – Promote a corporate culture that is based on ethical values and behaviours.
- **Principle 9** – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.
- **Principle 10** – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board

The Board currently comprises the Interim Non-Executive Chairman, three Non-Executive Directors and three Executive Directors. Short biographical details of each of the directors are set out on pages 8 & 9. The Board is responsible to the shareholders for the proper management of the Group and generally meets quarterly to set the overall direction and strategy of the Group, and such other times as necessary.

The roles of Managing Director and Chairman are intended to be separate and there is a clear division of their responsibilities. All directors are subject to re-election at least every three years.

Board committees

Audit Committee

The composition of the Audit Committee is disclosed on pages 8 & 9 and comprises solely of Non-Executive Directors. By invitation, the meetings of the Audit Committee may be attended by the other directors and the external auditor. The Committee meets not less than twice annually. The Audit Committee responsibilities include the monitoring of the adequacy and effectiveness of the Group's internal controls, accounting policies and financial reporting and provides a forum for reporting by the Group's external auditor. Its duties include keeping under review the scope and results of the audit and its cost effectiveness, consideration of management's response to any major audit recommendations and the independence and objectivity of the auditor, and other such matters as directed by the Board.

Remuneration committee

The composition of the Remuneration Committee is disclosed on pages 8 & 9 and comprises solely of Non-Executive Directors. The Remuneration Committee, on behalf of the Board, meets as and when necessary to review and approve as appropriate the contract terms, remuneration and other benefits of Executive Directors. The Remuneration Committee also approves the remuneration of senior management and remuneration plans for the Group as a whole as part of the budget and in line with delegated limits of authority.

The Remuneration Committee approves the setting of objectives for Executive Directors and authorises any bonus payments for achievement of objectives.

Corporate governance continued

The Remuneration Committee aims to put in place remuneration packages that are sufficient to attract, retain and motivate Executive Directors required to run the Group successfully, but seeks not to pay more than is necessary for their services.

The Remuneration Committee is empowered to recommend the grant of share options under the Group's share option plans. The Remuneration Committee considers there to be an appropriate balance between fixed and variable remuneration and between short-term and long-term variable components of remuneration. All the decisions of the Remuneration Committee on remuneration matters in the 12 months ended 31 March 2020 were reported to, and endorsed by, the Board.

M&A Committee

The Mergers and Acquisitions (M&A) Committee was established on 7 December 2018. The composition of the M&A Committee is disclosed on pages 8 & 9 and currently comprises two Non-Executive directors and exists to evaluate and implement M&A activity for approval by the Board.

Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance issues. All directors have access to the advice and services of the Secretary.

Attendance at Board and Committee meetings

The Directors attended the following Board and Committee meetings during the year ended 31 March 2020:

	Board	Remuneration ⁽¹⁾	Audit ⁽¹⁾	M&A ⁽¹⁾
Total meetings held	12	3	3	6
Dr David Hammond	12	–	3	–
Richard Boon	11	–	3	6
Angela Entwistle	10	3	–	–
Diane Lees CBE	10	3	–	–
Mark Smith	12	–	3	6
Simon Presswell (resigned 22.1.20)	10	–	1	6
Nitil Patel (resigned 24.2.20)	11	–	2	5

⁽¹⁾ By invitation, other directors may be invited to attend the Remuneration, Audit Committee and M&A meetings.

Relationships with shareholders

The Board recognises the importance of effective communication with the Group's shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. The Group communicates with investors through Interim Statements, audited Annual Reports, press releases and the Company's website www.dodsgroup.com. Shareholders are entitled to attend the Group's AGM (notice of which is provided with this Report).

Internal controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls and will continue to ensure that management keeps these processes under regular review and improves them where appropriate.

Going concern

The directors had approved the budget for the year ending 31 March 2021, under which they had assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities and had assessed the impact of them on the Group's cash flow, facilities and headroom within its future banking covenants. Subsequent to this, the impact of COVID-19 became apparent and as a result, the Group prepared an updated 3- year forecast, which has been adjusted to take account of the current trading environment. The directors consider the forecasts to be reasonable. Based on this work, and in light of the mitigating actions undertaken by the Group to respond to the impact of COVID-19, the directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Corporate governance continued

During the year end audit process, the Group became aware of a change in a contractual obligation that existed as at 31 March 2020 that caused it to be in breach of one of its three banking covenants.

The Group has secured a waiver from the bank for this breach; however, because the waiver was not in place as at the balance sheet date the entire £3 million loan balance has been classified as current in these financial statements. The Group expects the £3 million loan balance to be classified as long term liability in its interim result balance sheet on 30 September 2020.

In the 12 month period from the balance sheet date capital repayments of £0.4 million will be repaid to the bank with the remaining £2.6 million due in subsequent periods.

The group continues to enjoy the support of Barclays Bank plc.

Corporate social responsibility

The Board recognises the growing awareness of social, environmental and ethical matters and it endeavors to take into account the interests of the Group's stakeholders, including its investors, employees, suppliers and business partners when operating the business.

Employment

The Board recognises its legal responsibility to ensure the wellbeing, safety and welfare of its employees and to maintain a safe and healthy working environment for them and for its visitors.

Environment

By their nature the Group's regular operations are judged to have a low environmental impact and are not expected to give rise to any significant inherent environmental risks over the next 12 months.

Simon Bullock
Chief Financial Officer

2 September 2020

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AIM rule compliance report

Dods Group plc is traded on AIM and as a result the Group has complied with AIM Rule 31 which requires the following:

- sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- the Company to seek advice from Nominated Adviser ("Nomad") regarding its compliance with the Rules whenever appropriate and take that advice into account;
- the Company to provide the Nomad with any information it reasonably requests in order for the Nomad to carry out its responsibilities under the AIM Rules and the AIM Rules for Nominated Advisers, including any proposed changes to the Board and provision of draft notifications in advance;
- the Company to ensure that each of the directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- the Company to ensure that each director discloses without delay all information which the Group needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

Simon Bullock
Chief Financial Officer

2 September 2020

Independent Auditor's Report to the members of Dods Group plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Dods Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the parent company balance sheet, the parent company statement of changes in equity and the notes to the consolidated and the parent company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Independent Auditor's Report continued

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

Overview of our audit approach

- Overall materiality: £138,000, which represents 0.5% of the group's revenue for the year;
- Key audit matters were identified as impairment of intangible assets, acquisition accounting, going concern and first time adoption of IFRS 16; and
- We performed full scope audit procedures on the financial statements of the significant group components Dods Group Plc, Dods Parliamentary Communications Limited, Meritgroup Limited and Letrim Intelligence Services Private Limited. For Letrim Intelligence Services Private Limited, we issued group instructions to the component auditor in India. We performed analytical procedures on the financial information of all other components.



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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued

Key Audit Matter – Group	How the matter was addressed in the audit – Group
<p>Impairment of intangible assets</p> <p>At the year end the group has £28.9m of goodwill (2019: £13.3m) and £9.6m of intangible assets acquired through business combinations (2019: £6.2m). Additional goodwill and intangible assets have been recognised in the year owing to the acquisition of Meritgroup Limited in July 2019.</p> <p>Under IAS 36, the group is required to perform a quantified impairment test annually for goodwill acquired in a business combination. There is a risk that the carrying value of the goodwill may be higher than the recoverable amount.</p> <p>The process of making the impairment assessment through forecasting cash flows, the determination of the appropriate discount rate and other assumptions to be applied are characterised by significant judgement and the associated outcomes can significantly impact the results of the impairment review.</p> <p>We therefore identified the impairment of intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> ■ Assessing whether the group's stated accounting policy for impairment was compliant with IFRSs as adopted by the European Union; ■ Obtaining management's impairment model and discounted cash flow forecasts and evaluating the mathematical accuracy of the model; ■ Evaluating the reasonableness of information and assumptions included in the impairment model through our knowledge of the business and forecasts produced; ■ Agreeing inputs of the discount rate to observable inputs such as the risk free rate and recalculating the cost of equity using our own inputs;e ■ Assessing the appropriateness of the discount rate applied by management and benchmarked against comparator companies; ■ Performing a sensitivity analysis on the forecasts by increasing the discount rate by 3% and decreasing cashflows by 20%; and ■ Testing the accuracy of management's forecasting of cash flows through a comparison of budgeted to actual data for the year ended 31 March 2019. <p>The group's accounting policy on impairment of intangible assets and goodwill is shown in note 1 to the consolidated financial statements and related disclosures are included in notes 13 & 14.</p> <p>Key observations</p> <p>Our testing did not identify any material misstatements in the carrying value of the goodwill and other intangible assets.</p>
<p>Adoption of IFRS 16</p> <p>IFRS 16 'Leases' became effective for financial years beginning on or after 1 January 2019 and has been adopted by the Group during the year.</p> <p>There is complexity in calculating the expected right of use asset and the corresponding liability and judgement involved, as then applied in determining an appropriate incremental borrowing rate to use to calculate the net present value of the cash flows.</p> <p>The magnitude of the right of use asset and liability is material and there is a risk therefore that the disclosed impact of the new standard is not accurate.</p> <p>We therefore identified the adoption of IFRS 16 as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> ■ assessing the accounting policy and disclosures for compliance with IFRS 16 as adopted by the EU; ■ Obtaining management's calculation of the opening reserve adjustment (which is required as a result of applying the modified retrospective approach to adoption. This included evaluating the mathematical accuracy of the model and agreeing the significant lease terms and amounts to the underlying leases; ■ testing the completeness of the leases identified to known leases and lease payments made in the year; and ■ Assessing whether the incremental borrowing rate being applied in the IFRS 16 calculations prepared by management is appropriate based on an indicative borrowing rate obtained from the Group's bankers. <p>The group's accounting policy on IFRS 16 is shown in note 1 to the consolidated financial statements and related disclosures are included in note 25.</p> <p>Key observations</p> <p>As a result of the audit procedures performed and after considering management's disclosures of judgements applied, we did not identify any material misstatement in the application of IFRS 16.</p>

Independent Auditor’s Report continued

Key Audit Matter – Group	How the matter was addressed in the audit – Group
<p>Going concern</p> <p>As stated in the ‘The impact of macro-economic uncertainties on our audit’ section of our report, Covid-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty. This event could adversely impact the future trading performance of the group and the parent company and as such increases the extent of judgement and estimation uncertainty associated with management’s decision to adopt the going concern basis of accounting in the preparation of the financial statements.</p> <p>We therefore identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> ■ Obtaining management’s Group cash flow forecasts covering the period from August 2020 to March 2023, assessing how these cash flow forecasts were compiled and assessing their appropriateness by applying relevant sensitivities to the underlying assumptions, and challenging those assumptions. We evaluated management’s assumptions in light of the impact on Covid-19, in particular regarding the impact of events being delayed until 2021, reduction in other revenue streams, furloughing staff where required and deferring capital expenditure. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken; ■ Assessing the impact of Covid-19 on covenant compliance and obtaining supporting evidence from Barclays Bank plc confirming their waiver of the covenant breach at 31 March 2020 and the revisions to the Group’s banking facilities and covenants; ■ Assessing the accuracy of management’s past forecasting by comparing management’s forecasts for last year to the actual results for last year and considering the impact on the base case cash flow forecast; ■ Assessing the impact of the mitigating factors available to management in respect of the ability to restrict cash impact, including the level of available facilities; and ■ Assessing the adequacy of related disclosures within the financial statements. <p>The group’s accounting policy on going concern is shown in note 1 to the financial statements and related disclosures are included in note 1.</p> <p>Key observations</p> <p>We have nothing to report in addition to that stated in the ‘Conclusions relating to going concern’ section of our report.</p>
<p>Acquisition accounting</p> <p>During the year, the Group acquired Meritgroup Limited.</p> <p>As a result of acquisition accounting being applied, an assessment of the allocation of the purchase price was required, including recognition of intangible assets and goodwill arising in the consolidated accounts.</p> <p>Management judgement is involved in determining the appropriate accounting treatment, including whether the acquisition met the definition of a business combination, date of transfer of control and accounting for consideration. Management judgement is also required in the assessment of the fair values of assets and liabilities acquired, and their associated useful lives, and the use of estimates in the determination of these values and the resultant intangible assets and goodwill recognised.</p> <p>We therefore identified acquisition accounting in accordance with the requirements of IFRS 3 ‘Business Combinations’ as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> ■ Assessing the valuation models prepared by management in respect of the acquisition, including the basis and methodology adopted for identifying and valuing separate intangible assets distinct from goodwill; ■ Assessing and challenging management’s assertion that this is a business combination under IFRS 3. ■ Agreeing significant inputs used in the models to underlying purchase agreements and other supporting documentation; ■ Critically assessing and challenging the key judgements and assumptions, such as revenue growth rates and discount rates, used by management in the valuation models and comparing to historic performance data; and ■ Agreeing the fair value of identified intangible assets from the valuation models prepared by management to the amounts recorded in the financial statements. <p>The group’s accounting policy for business combinations is shown in note 1 to the financial statements and related disclosures are included in note 16.</p> <p>Key observations</p> <p>Our audit work did not identify any material misstatements in the accounting for intangible assets.</p>

We did not identify any key audit matters in relation to the parent company financial statements.

Independent Auditor's Report continued

Our application of materiality

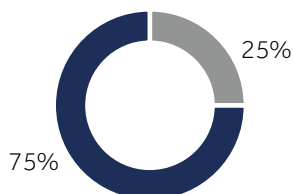
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

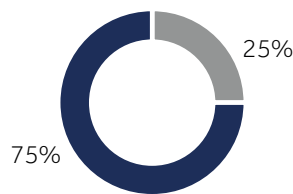
Materiality measure	Group	Parent company
Financial statements as a whole	£138,000 which is 0.5% of group revenue. This benchmark is considered the most appropriate because the group made a loss for the year, meaning that an earnings benchmark would not be appropriate due to volatility in earnings. Other benchmarks were also considered, such as total assets. However, as this is a trading group, revenue was considered the most appropriate benchmark. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2019 to reflect the additional trade as a result of the Meritgroup Limited acquisition during the year.	£103,000, which is 2% of parent company total assets, capped at 75% of group materiality. Total assets is considered the most appropriate benchmark because the company does not trade and holds material investments in subsidiary companies. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2019 owing to a higher cap as a result of group materiality being higher this year than last.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as Director's remuneration and related party transactions.	We determined a lower level of specific materiality for certain areas such as Director's remuneration and related party transactions.
Communication of misstatements to the audit committee	£7,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£5,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



■ Tolerance for potential uncorrected mis-statements ■ Performance materiality

Independent Auditor's Report continued

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. For example, significance as a percentage of the group's total assets, revenues and loss before tax or significance based on qualitative factors, such as specific use or concerns over specific components;
- assessing the group's internal processes and control environment. Dods Group Plc has centralised processes and controls over the key areas of our audit focus. Group management are responsible for all judgemental processes and significant risk areas. A centralised finance team performs all accounting processes for all group components with the exception of the group component in India, Letrim Intelligence Services Private Limited, which has a finance team in India. We tailored our audit procedures accordingly with all audit work in relation to Letrim Intelligence Services Private Limited being undertaken by a component auditor, Walker Chandio & Co LLP, which is a Grant Thornton International network member firm. All other audit work was performed by the group audit team;
- performing full scope audit procedures on the financial statements of Dods Group PLC, Dods Parliamentary Communications Limited, Meritgroup Limited and Letrim Intelligence Services Private Limited. Procedures on Dods Parliamentary Communications Limited, Meritgroup Limited and Letrim Intelligence Services Private Limited were performed to component materiality, which was capped at group performance materiality;
- the total percentage coverage of revenue achieved from procedures including all full scope entities was 94%;
- the total percentage coverage of total assets resulting from procedures on the significant group components was 94%;
- analytical procedures were performed on the financial information of Holyrood Communications Limited, Fenman Limited, Total Politics Limited and Le Trombinoscope SAS; and

- our audit approach was to rely on controls for our audit of certain material revenue streams and third party costs incurred during the year, with testing in these areas supplemented by substantive testing. A fully substantive approach was used for all other areas, which is consistent with our approach taken in the prior year.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

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

Independent Auditor's Report continued

Matters on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Sergio Cardoso Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

2 September 2020

Consolidated income statement

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Revenue	3	27,796	21,301
Cost of sales		(18,852)	(13,419)
Gross profit		8,944	7,882
Administrative expenses		(6,154)	(6,381)
Other operating income	4	–	–
Adjusted EBITDA		2,790	1,501
Depreciation of tangible fixed assets	15	(537)	(379)
Depreciation of right-of-use assets	25	(1,210)	–
Amortisation of intangible assets acquired through business combinations	14	(711)	(351)
Amortisation of software intangible assets	14	(158)	(1,789)
Non-recurring items	5		
Non-recurring acquisition costs and professional fees		(171)	(2,239)
Impairment expense – investment in equity accounted associate		–	(1,231)
Impairment expense – intangible assets		–	(259)
People-related costs		(785)	(332)
Other non-recurring items		(80)	(697)
Operating loss		(862)	(5,776)
Net finance costs	9,10	(555)	–
Share of profit of associate	17	158	50
Loss before tax	6	(1,259)	(5,726)
Income tax credit	11	76	197
Loss for the year		(1,183)	(5,529)
Loss per share (pence)			
Basic	12	(0.24p)	(1.62p)
Diluted	12	(0.24p)	(1.62p)

The notes on pages 29 to 57 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 March 2020

	2020 £'000	2019 £'000
Loss for the year	(1,183)	(5,529)
Items that may be subsequently reclassified to Profit and loss		
Exchange differences on translation of foreign operations	6	(8)
Other comprehensive income/(loss) for the year	6	(8)
Total comprehensive loss for the year	(1,177)	(5,537)

The notes on pages 29 to 57 form part of these financial statements.

Consolidated statement of financial position

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Goodwill	13	28,911	13,282
Intangible assets	14	11,238	6,421
Property, plant and equipment	15	2,134	2,063
Right-of-use asset	25	7,926	–
Investment in associates	17	661	503
Long-term loan receivable	17	560	700
Total non-current assets		51,430	22,969
Current assets			
Work in progress and inventories	18	273	16
Trade and other receivables	20	7,819	3,584
Cash and cash equivalents	20	4,368	7,160
Restricted cash held in deposit account	20	–	1,266
Total current assets		12,460	12,026
Total assets		63,890	34,995
Capital and reserves			
Issued capital	24	19,239	17,096
Share premium		20,082	8,142
Other reserves		409	409
Retained loss		(3,991)	(2,616)
Share option reserve		75	55
Translation reserve		(61)	(67)
Total equity		35,753	23,019
Current liabilities			
Trade and other payables	21	12,423	11,489
Deferred consideration	16	1,046	–
Bank loan	22	3,000	–
Lease liability	25	1,515	–
Total current liabilities		17,984	11,489
Non-current liabilities			
Deferred tax liability	23	862	487
Deferred consideration	16	1,045	–
Other payables	21	545	–
Lease liability	25	7,701	–
Total non-current liabilities		10,153	487
Total equity and liabilities		63,890	34,995

The notes on pages 29 to 57 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

Simon Bullock
Chief Financial Officer

2 September 2020

Consolidated statement of changes in equity

For the year ended 31 March 2020

	Share capital £'000	Share premium reserve ⁽¹⁾ £'000	Merger reserve ⁽²⁾ £'000	Retained earnings £'000	Translation reserve ⁽³⁾ £'000	Share option reserve ⁽⁴⁾ £'000	Total shareholders' funds £'000
At 1 April 2018	17,096	8,142	409	2,913	(59)	44	28,545
Total comprehensive income							
Loss for the year	–	–	–	(5,529)	–	–	(5,529)
Other comprehensive income							
Currency translation differences	–	–	–	–	(8)	–	(8)
Share-based payment	–	–	–	–	–	11	11
At 31 March 2019	17,096	8,142	409	(2,616)	(67)	55	23,019
Effect of adoption of IFRS 16 <i>Leases</i> (see note 25)	–	–	–	(192)	–	–	(192)
At 1 April 2019 (adjusted)	17,096	8,142	409	(2,808)	(67)	55	22,827
Total comprehensive income							
Loss for the year	–	–	–	(1,183)	–	–	(1,183)
Other comprehensive loss							
Currency translation differences	–	–	–	–	6	–	6
Share-based payment	–	–	–	–	–	20	20
Transactions with owners							
Issue of ordinary shares	2,143	11,940	–	–	–	–	14,083
At 31 March 2020	19,239	20,082	409	(3,991)	(61)	75	35,753

⁽¹⁾ The share premium reserve represents the amount paid to the Company by shareholders above the nominal value of shares issued.

⁽²⁾ The merger reserve represents accounting treatment in relation to historical business combinations.

⁽³⁾ The translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into sterling.

⁽⁴⁾ The share option reserve represents the cumulative expense recognised in relation to equity-settled share-based payments.

The notes on pages 29 to 57 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Loss for the year		(1,183)	(5,529)
Depreciation of property, plant and equipment	15	537	379
Depreciation of right-of-use assets	25	1,210	–
Amortisation of intangible assets acquired through business combinations	14	711	351
Amortisation of other intangible assets	14	158	1,789
Impairment charges	5	–	1,490
Share-based payments charge	26	20	11
Share of profit of associate	17	(158)	(50)
Lease interest expense	25	420	–
Net finance costs	9,10	135	–
Non-recurring acquisition costs and professional fees		2,010	400
Income tax credit	11	(76)	(197)
Operating cash flows before movement in working capital		3,784	(1,356)
Change in inventories	18	(257)	(4)
Change in trade and other receivables		(1,013)	(114)
Change in trade and other payables		(282)	2,337
Cash generated by operations		2,232	863
Taxation paid		(193)	(166)
Net cash from operating activities		2,039	697
Cash flows from investing activities			
Interest and similar income received	9	5	12
Non-recurring acquisition costs and professional fees		(2,010)	(400)
Additions to property, plant and equipment	15	(187)	(115)
Additions to intangible assets	14	(1,400)	(512)
Investment in subsidiaries (net of cash acquired)	16	(17,055)	–
Net proceeds from bank loan	22	3,000	–
Repayment of long-term loan by associate	17	140	–
Net cash used in investing activities		(17,507)	(1,015)
Cash flows from financing activities			
Proceeds from issue of share capital		13,037	–
Interest and similar expenses paid	10	(140)	(12)
Payment of lease liabilities		(1,487)	–
Net cash used in financing activities		11,410	(12)
Net decrease in cash and cash equivalents		(4,058)	(330)
Opening cash and cash equivalents		8,426	8,757
Effect of exchange rate fluctuations on cash held		–	(1)
Closing cash at bank		4,368	8,426
Comprised of:			
Cash and cash equivalents		4,368	7,160
Restricted cash held in deposit account		–	1,266
Closing cash at bank		4,368	8,426

The notes on pages 29 to 57 form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 31 March 2020

1. Statement of significant accounting policies and judgements

Dods Group plc is a Company incorporated in England and Wales.

The consolidated financial statements of Dods Group plc have been prepared and approved by the directors in accordance with International Financial Reporting Standards as endorsed by the International Accounting Standards Board and as adopted by the EU ("adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 102; these are presented after the notes to the consolidated financial statements.

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The accounting policies set out below have, unless otherwise stated, or as outlined in the 'Standards adopted' section below, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Standards adopted

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2019 that have had a material impact on the Group, with the exception of IFRS16 Leases, which was adopted by the Group for the year.

- IFRS 16 *Leases* (effective periods beginning on or after 1 January 2019); IFRS 16 replaces IAS 17 *Leases* and eliminates the classification of operating and finance leases. Under the standard a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has elected to apply the practical expedient not to reassess whether a contract is, or contains, a lease for all lease contracts in place prior to 1 April 2019. The Group has applied the definition of a lease and related guidance as stated in IFRS 16 to all lease contracts entered into or modified after 1 April 2019.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease component based on their relative stand-alone prices. The Group has elected to account for leases of real estate as a single lease component.

Leases under the new standard are recognised in the Statement of financial position as right-of-use assets with a corresponding lease liability. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the discount rate implicit to the lease. If this rate cannot be readily determined, the Group's incremental borrowing rate will be used. The lease liability is subsequently increased by the related interest expense and decreased by the lease payments made. The lease liability can be remeasured to reflect changes in the lease term or change in future lease payments. The lease liability includes the following payments, when applicable:

- Fixed lease payments;
- Variable lease payments based on an index or rate;
- Amounts to be paid under residual value guarantees;
- The exercise price of a purchase option, if the Group is reasonably certain to exercise the option; and
- Payments of penalties for terminating the lease, if the Group is reasonably certain to exercise the option

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

1. Statement of significant accounting policies and judgements continued

Right-of-use assets are measured at the value of the associated lease liability plus any initial direct costs incurred, adjusted for any prepaid or accrued lease payments. The right-of-use asset is initially recognised at cost, and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets comprise the following, when applicable:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date;
- Any initial direct costs; and
- Restoration costs

Leases which meet the criteria of "short-term" or "low-value assets" are exempt and continue to be recognised under IAS 17 Leases. The new standard does not substantially change how a lessor accounts for leases.

The Group has elected to apply the modified retrospective approach, with the cumulative effect of adopting the standard being recognised as an opening balance adjustment to retained earnings as at 1 April 2019. There have been no changes to prior year figures as a result of adoption. See note 25 for further information on the adoption of IFRS16.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, except for goodwill which is stated at the lower of previous carrying value and fair value less costs to sell.

The following Group entities are exempt from audit by virtue of Section 479A of the Companies Act 2006. Dods Group plc has provided statutory guarantees to the following entities in accordance with Section 479C of the Companies Act 2006:

- Fenman Limited
- Total Politics Limited
- Holyrood Communications Ltd

Going Concern

The Group had net current liabilities as at 31 March 2020 of £5.5 million (2019: net current assets of £0.5 million). The Directors have considered the implications for going concern below, for a period of at least twelve months from the signing of these accounts.

The Directors had approved the budget for the year ending 31 March 2021, under which they had assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities and had assessed the impact of them on the Group's cash flow, facilities and headroom within its future banking covenants. Subsequent to this, the impact of COVID-19 became apparent and as a result, the Group prepared an updated 3- year forecast, which has been adjusted to take account of the current trading environment. The Directors consider the forecasts to be reasonable. Based on this work, and in light of the mitigating actions undertaken by the Group to respond to the impact of COVID-19, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

During the year end audit process, the Group became aware of a change in a contractual obligation that existed as at 31 March 2020 that caused it to be in breach of one of its three banking covenants.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

1. Statement of significant accounting policies and judgements continued

The Group has secured a waiver from the bank for this breach; however, because the waiver was not in place as at the balance sheet date the entire £3 million loan balance has been classified as current in these financial statements. The Group expects the £3 million loan balance to be classified as long term liability in its interim result balance sheet on 30 September 2020.

In the 12 month period from the balance sheet date capital repayments of £0.4 million will be repaid to the bank with the remaining £2.6 million due in subsequent periods.

The group continues to enjoy the support of Barclays Bank plc and agreement has been reached on new covenants to support the Group in 2021.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control is achieved where the Group is exposed to, or has rights to, variable returns and has the ability to affect those returns. The results of subsidiaries acquired or sold are included in the consolidated financial statements from the date control commences to the date control ceases. Where necessary, adjustments are made to the results of the acquired subsidiaries to align their accounting policies with those of the Group. All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Revenue recognition – sale of goods

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales-related taxes, and provisions for returns and cancellations.

Revenue on books or magazines provided for clients is recognised when the performance obligation has been satisfied, at the point of delivery, and the amount of revenue can be measured reliably.

Revenue recognition – sale of services

Revenue in respect of subscription-based services, including online services and licensing, is recognised on a straight-line basis over the period of subscription or licence. The unrecognised element is carried within creditors as deferred revenue.

Revenue in respect of advertising services is recognised on publication, being the performance obligation. Where publications are printed and distributed in more than one volume, the fair value of the revenue attributable to each volume is recognised as it is distributed.

When long term training programmes are designed on a client's behalf, revenue relating to the conception, set-up and design of the programme is recognised when the first event occurs. Revenue in relation to the organisation and administration of the programme is recognised over the programme's life.

Revenue on all one-off events and conferences is recognised as they occur. Cash received in advance and directly attributable costs relating to future events are deferred. Losses anticipated at the balance sheet date are provided in full.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

1. Statement of significant accounting policies and judgements continued

Leases

A contract contains a lease if the contract gives a right to control the use of an asset for a period of time in exchange for consideration. Leases which meet the criteria of "short-term," for which the lease term is less than 12 months, or "low-value assets" are exempt from IFRS 16. Lease payments associated with "short-term" and "low-value assets" are expensed on a straight-line basis over the life of the lease.

For all other leases, at the lease commencement date, a right-of-use asset and corresponding lease liability are recognised in the Statement of financial position. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. Right-of-use assets are measured at the value of the associated lease liability plus any initial direct costs incurred, adjusted for any prepaid or accrued lease payments. The right-of-use asset is initially recognised at cost, and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease liability is increased by the interest cost and decreased by the lease payments made.

Post-retirement benefits – defined contribution

The Group contributes to independent defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Share-based payment

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, but excluding the impact of any non-market related vesting conditions. Non-market related vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Deferred tax is recognised where it is probable that tax relief will be available on the difference between exercise price and market price at the balance sheet date.

Non-recurring items

Non-recurring items are items which in management's judgement need to be disclosed by virtue of their size, incidence or nature. Such items are included within the income statement line item to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

Non-recurring items are not in accordance with any specific IFRS definition and therefore may be different to other companies' definition of non-recurring items.

Taxation

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

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's assets and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

1. Statement of significant accounting policies and judgements continued

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax nor the accounting profit other than in a business combination.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates enacted or that are expected to apply (substantively enacted) at the balance sheet dated when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Goodwill

Goodwill represents the difference between the cost of acquisition of a business and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Any impairment is recognised immediately in profit or loss.

Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their useful lives in accordance with IAS 38 Intangible Assets. Assets are not revalued. The amortisation period and method are reviewed at each financial year end and are changed in accordance with IAS 8 Accounting Policies, "Changes in Accounting Estimates and Errors" if this is considered necessary. The estimated useful lives are as follows:

Publishing rights	20-75 years (one specific right is deemed to have a useful economic life of 75 years)
Brand names	15-20 years
Customer relationships	1-8 years
Customer list	4-8 years
Order books	1 year
Other assets	1 year

Software which is not integral to a related item of hardware is included in intangible assets and amortised over its estimated useful lives of between 3-6 years. The salaries of staff employed in the development of new software relating to the Group's information services products, and salaries of staff employed in building our digital platform architecture within the Group are capitalised into software.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

1. Statement of significant accounting policies and judgements continued

Impairment

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at each balance sheet date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the shorter of the life of the asset or lease period
Equipment, fixtures and fittings	3-7 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cash

Cash includes cash on hand and in banks.

Restricted cash deposits amount to £nil (2019: £1,266,000). For the comparative, this balance related to a rental deposit held in the Group's name which was subject to a guarantee in favour of the landlord of the London premises of the Group.

Provisions

A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

1. Statement of significant accounting policies and judgements continued

Financial assets, financial liabilities and equity instruments

Financial assets and financial transactions are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the presentation currency of the Group.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated but remain at the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period ended on the balance sheet date. Exchange rate differences arising, if any, are recognised directly in equity in the Group's translation reserve. Such translation differences are recognised as income or as expense in the income statement in the period in which the operation is disposed of.

Derivative financial instruments

All of the Group's derivatives are measured at their fair value at the end of each period. Derivatives that mature within one year are classified as current.

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

1. Statement of significant accounting policies and judgements continued

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in profit or loss. Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as trade and other receivables and cash and cash equivalents on the balance sheet. The Group assesses expected credit losses associated with its trade and other receivables on a forward-looking basis. For trade receivables, the Group recognises gross amounts, less an allowance for bad debt based on expected credit losses. The Group considers its trade and other receivables to have a low credit risk. Cash and cash equivalents have a negligible credit risk.

Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

2. Critical accounting estimates and judgements and adopted IFRS not yet effective

The key assumptions concerning the future and other key sources of estimation and judgements at the balance sheet date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Capitalisation of internal costs and assessment of their future recoverability

Management has capitalised certain costs incurred in relation to the development of internally generated intangible assets. The main area where costs have been capitalised has been summarised below:

Development of software

The salaries of staff employed in the development of new software within the Group have been capitalised into software, within other intangible assets. These development costs are then amortised over the estimated useful life of the software, being 3-6 years.

Management estimate the extent to which internally generated intangibles will be recovered by assessing future earnings. This is based on past revenue performance and the likelihood of future releases. Future sales performance varies from such assessments and changes to provisions against specific publications may be necessary.

b) Intangible assets

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If such an asset is identified, it is valued by discounting the probable future cash flows expected to be generated by the asset over the estimated life of the asset. Where there is uncertainty over the amount of economic benefit and the useful life, this is factored into the calculation. Judgements and estimations are also used by the Directors for the value in use calculation for impairment purposes of goodwill and other intangible assets. Details of goodwill and intangible assets are given in notes 13 and 14. Details of judgements and estimates in relation to impairment of goodwill are given in note 13.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

2. Critical accounting estimates and judgements and adopted IFRS not yet effective continued

c) Investments

The Group takes into account the power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of the investor's return to determine whether the investment is treated as an associate or a controlling interest. See note 17 for further details. Where a controlling interest exists, the investee is consolidated.

d) Recoverability of trade receivables

Trade receivables are reflected net of estimated provisions for doubtful accounts. This provision is based on the ageing of receivable balances and historical experience. Details of trade receivables are given in note 19.

e) Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income. Details of deferred tax are given in note 23.

f) Classification of non-recurring costs and accrual of non-recurring acquisition costs

Expenses are recognised as non-recurring when they reflect one-off costs that are not part of the ongoing operations of the Group. In relation to non-recurring acquisition costs, as the proposed acquisition was substantially complete by the year end date, the Group has accrued all agreed acquisition costs.

g) Recoverability of long-term loan receivable

Management assess the recoverability of the long-term loan receivable after taking into consideration the expected manner of recovery and expected and agreed recovery period. On the basis of the review undertaken by management the long-term loan receivable is deemed to be recoverable based upon expected future cashflows.

h) Fair value of separately identifiable intangible assets in business combinations

The Group is required to calculate the fair value of identifiable assets and liabilities acquired in business combinations. In order to estimate the fair value of separately identifiable assets in business combinations certain assumptions must be made about the future. The fair values of assets and liabilities acquired in business combinations, including separately identifiable intangible assets, are disclosed in note 16.

i) Incremental borrowing rate

The Group uses an incremental borrowing rate to measure its lease liabilities under IFRS16. This rate represents the Group's estimate of the rate it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use lease asset in a similar economic environment. Observable inputs are adjusted for entity-specific estimates to arrive at the Group's incremental borrowing rate.

Adopted IFRS not yet applied

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards which have been published but are only effective for the Group's accounting periods beginning on or after 1 April 2020 or later periods. The Group has considered the new standards, interpretations and amendments to published standards that are effective for the Group and concluded that they are either not relevant to the Group or that they would not have a significant impact on the Group's financial statements. The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and may require adoption by the Group in future accounting periods.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

3. Segmental information

The basis on which operating results are reviewed and resources allocated is examined from both a business and geographic perspective by the senior management team.

Business segments

The Group now considers that it has two operating business segments, Dods Intelligence and Dods Technology. Dods Intelligence's business segment concentrates on the provision of key information and insights into the political and public policy environments around the UK and the European Union. The Dods Technology segment focuses on the fields of data engineering, machine learning, and artificial intelligence.

The following table provides an analysis of the Group's segment revenue by business segment.

Revenue by business segment	2020 £'000	2019 £'000
Dods Intelligence	20,154	21,301
Dods Technology	7,642	–
	27,796	21,301

No client accounted for more than 10 percent of total revenue.

Geographical segments

The following table provides an analysis of the Group's segment revenue by geographical market. Segment revenue is based on the geographical location of customers.

Revenue by geographical segment	2020 £'000	2019 £'000
UK	22,179	16,183
Rest of world	5,617	5,118
	27,796	21,301

Asset segment information has not been disclosed because this information is not reviewed by the senior management team for the purpose of allocating resources.

4. Other operating income

There was no other operating income for the current year or prior period.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

5. Non-recurring items

	2020 £'000	2019 £'000
Non-recurring acquisition costs and professional fees	171	2,239
Impairment expense – investment in equity accounted associate	–	1,231
Impairment expense – intangible assets	–	259
People-related costs	785	332
Other		
– Branding and marketing	–	206
– Costs relating to ongoing strategic corporate review and initiatives	–	244
– Professional services and consultancy	45	211
– Other	35	36
	1,036	4,758

Non-recurring acquisition costs and professional fees reflect the costs incurred to date in line with the Group's acquisition strategy. On 18 July 2019, the Group acquired 100 percent of the share capital of Meritgroup Limited and its subsidiaries. For the prior year, as the proposed acquisition was substantially complete by the year end date, the Group had accrued all agreed acquisition costs.

For the prior year, Impairment expense – investment in equity accounted associate relates to the Group's investment in Social 360 Limited – see note 17. Also for the prior year, Impairment expense – intangible assets relates to specific publishing rights – see note 14.

People-related costs result from the recruitment of senior management for roles which have been newly created within the Group. Also included are redundancy costs reflecting the effect of Group initiatives to appropriately restructure the business.

Other non-recurring costs include branding and marketing expenses, costs relating to ongoing strategic corporate review and initiatives, various legal fees and one-off consultancy expenses.

6. Loss before tax

Loss before tax has been arrived at after charging:

	2020 £'000	2019 £'000
Depreciation of property, plant and equipment	537	379
Amortisation of intangible assets acquired through business combinations	711	351
Amortisation of other intangible assets	158	1,789
Staff costs (see note 8)	14,616	9,804
Non-recurring items (see note 5)	1,036	4,758
Net finance costs	555	–
Operating lease charge ⁽¹⁾	–	969

⁽¹⁾ IFRS 16 Leases was adopted on 1 April 2019.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

6. Loss before tax continued

Auditor's remuneration	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	20	17
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries, pursuant to legislation	78	60
– Non-audit services in relation to IT program assurance	18	–
– Non-audit services in relation to corporate finance transactions	–	293
	116	370

7. Directors' remuneration

The remuneration of the directors of the Company for the years ended 31 March 2020 and 31 March 2019 is set out below:

		Salaries £	Committee Fees £	Pension contributions £	Other benefits £	Total £
Executive directors						
Dr David Hammond ⁽¹⁾	2020	86,525	5,000	–	–	91,525
Interim Executive Chairman	2019	33,334	3,335	–	–	36,669
Simon Presswell ⁽²⁾	2020	265,000	–	30,000	1,963	296,963
Former Chief Executive Officer	2019	193,994	–	21,962	1,953	217,909
Nitil Patel ⁽³⁾	2020	180,000	–	20,000	785	200,785
Former Chief Financial Officer	2019	180,000	–	20,000	1,083	201,083
Guy Cleaver ⁽⁴⁾	2020	–	–	–	–	–
Former Chief Executive Officer	2019	–	–	–	86,889	86,889
Non-executive directors						
Richard Boon ⁽⁵⁾	2020	25,000	5,000	–	40,000	70,000
Non-Executive director	2019	15,625	3,125	–	–	18,750
Angela Entwistle ⁽⁶⁾	2020	25,000	5,000	–	–	30,000
Non-Executive director	2019	25,000	5,000	–	–	30,000
Diane Lees	2020	25,000	5,000	–	–	30,000
Non-Executive director	2019	25,000	2,500	–	–	27,500
Mark Smith	2020	45,000	10,000	–	–	55,000
Non-Executive director	2019	45,000	10,000	–	–	55,000
Cheryl C. Jones ⁽⁷⁾	2020	–	–	–	–	–
Former Chairman	2019	8,333	–	–	593	8,926
Total for 2020		651,525	30,000	50,000	42,748	774,273
Total for 2019		526,286	23,960	41,962	90,518	682,726

⁽¹⁾ Served the role of non-executive chairman to 21 January 2020. Appointed interim executive chairman on 22 January 2020.

⁽²⁾ Resigned as a director on 22 January 2020. See also share-based payments – note 26.

⁽³⁾ Resigned as a director on 24 February 2020.

⁽⁴⁾ Resigned 29 November 2017. Included within 'Other benefits' is an amount of £86,889 (2019: £86,889) representing compensation for loss of office.

⁽⁵⁾ See also related party transactions – note 27.

⁽⁶⁾ The £30,000 (2019: £30,000) paid for the services of Angela Entwistle as a non-executive director is paid to Deacon Street Partners Limited.

⁽⁷⁾ Resigned 1 August 2018. See also related party transactions – note 27.

The current Directors and their interests in the share capital of the Company at 31 March 2020 are disclosed within the Directors' Report.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

8. Staff costs

The average number of persons employed by the Group (including executive directors) during the year within each category was:

	2020 Number	2019 Number
Editorial and production staff	137	134
Sales and marketing staff	37	35
Managerial and administration staff	31	29
Technology and support staff	724	–
	929	198

The current year figure includes the impact of 8.5 months of Merit employees.

	2020 £'000	2019 £'000
Wages and salaries	13,049	8,674
Social security costs	1,376	1,033
Pension and other costs	171	86
Share-based payment charge	20	11
	14,616	9,804

9. Finance income

	2020 £'000	2019 £'000
Bank interest receivable	5	12

10. Finance costs

	2020 £'000	2019 £'000
Bank interest payable	117	–
Lease interest expense	420	–
Net foreign exchange losses	23	12
	560	12

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

11. Taxation

	2020 £'000	2019 £'000
Current tax		
Current tax on income for the year at 19% (2019: 19%)	–	–
Adjustments in respect of prior periods	(173)	37
	(173)	37
Overseas tax		
Current tax expense on income for the year	260	41
Total current tax expense	87	78
Deferred tax (see note 23)		
Origination and reversal of temporary differences	(150)	(120)
Effect of change in tax rate	142	13
Adjustments in respect of prior periods	(155)	(168)
Total deferred tax income	(163)	(275)
Total income tax charge/(credit)	(76)	(197)

The tax charge/(credit) for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). A reconciliation is provided in the table below:

	2020 £'000	2019 £'000
Loss before tax	(1,259)	(5,726)
Notional tax credit at standard rate of 19% (2019: 19%)	(239)	(1,088)
Effects of:		
Expenses not deductible for tax purposes	23	840
Non-qualifying depreciation	88	272
Effect of deferred tax rate changes on realisation and recognition	142	13
Adjustments to tax charge in respect of prior periods	–	(27)
Research and development claim	–	–
Deferred tax not recognised	10	3
Utilisation of losses not provided for	–	(155)
Tax losses carried forward	52	7
Other	(152)	(62)
Total income tax charge/(credit)	(76)	(197)

12. Earnings per share

	2020 £'000	2019 £'000
Loss attributable to shareholders	(1,183)	(5,529)
Add: non-recurring items	1,036	4,758
Add: amortisation of intangible assets acquired through business combinations	711	351
Add: net exchange losses	23	12
Add: share-based payment expense	20	11
Adjusted post-tax profit/(loss) attributable to shareholders	607	(397)

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

12. Earnings per share continued

	2020 Ordinary shares	2019 Ordinary shares
Weighted average number of shares		
In issue during the year – basic	492,696,964	341,640,953
Adjustment for share options	1,674,500	1,067,375
In issue during the year – diluted	494,371,464	342,708,328
	2020 Pence per share	2019 Pence per share
Earnings per share – continuing operations		
Basic	(0.24)	(1.62)
Diluted	(0.24)	(1.62)
Adjusted earnings per share – continuing operations		
Basic	0.12	(0.12)
Diluted	0.12	(0.12)

13. Goodwill

	2020 £'000	2019 £'000
Cost and net book value		
Opening balance	13,282	13,282
Acquisition of subsidiary	15,629	–
Closing balance	28,911	13,282

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. Of the carrying amount of goodwill, £13.282 million has been allocated to the Dods CGU (2019: £13.282 million) and £15.629 million has been allocated to the Merit CGU (2019: £nil).

Goodwill is not amortised but tested annually for impairment with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and forecasts of income and costs.

The Group assessed whether the carrying value of goodwill was supported by the discounted cash flow forecasts of the Group based on financial forecasts approved by management covering a three-year period, taking in to account both past performance and expectations for future market developments. Management estimates the discount rate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each separate business.

The impairment charge was £nil (2019: £nil).

CGU

The recoverable amount of each CGU is determined from value in use calculations.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

13. Goodwill continued

Value in use was determined by discounting future cash flows generated from the continuing use of the titles and was based on the following most sensitive assumptions:

- cash flows for 2020/21 were projected based on the forecast for 2020/21, using the budget as a base and sensitising in light of the current environment;
- cash flows for years ending 31 March 2022 to 2023 were projected based on the Group forecast for these two years, based on the current economic environment in respect of COVID-19. For years ending 31 March 2024 and 31 March 2025, cash flows were prepared using underlying growth rates of 5% for Dods and 5% for Merit, based on management's view on likely trading and likely growth for those years;
- this assumption is based upon both assumed increases in revenue from yield improvements and expansion of markets and also strict cost control;
- cash flows beyond 2025 are extrapolated using a 2% growth rate for both Dods and Merit;
- cash flows were discounted using the CGU's pre-tax discount rate of 10.59% for Dods and 8.59% for Merit.

Based on the above sensitivity assumptions the calculations disclosed headroom against the carrying value of goodwill for each CGU. The Executive directors carried out a number of sensitivity scenarios on the data. These were based on best estimates under the current economic environment created by COVID-19, however it is acknowledged that given the environment, it is not possible to determine what changes to these estimates may eventuate.

14. Intangible assets

	Assets acquired through business combinations ⁽¹⁾ £'000	Software £'000	Other capitalised costs £'000	Total £'000
Cost				
At 1 April 2018	24,215	2,907	–	27,122
Additions – internally generated	–	512	–	512
Impairment	(259)	–	–	(259)
At 31 March 2019	23,956	3,419	–	27,375
Additions – internally generated	–	296	–	296
Additions – other	–	–	1,304	1,304
Acquisition of subsidiary	4,086	–	–	4,086
At 31 March 2020	28,042	3,715	1,304	33,061
Accumulated amortisation				
At 1 April 2018	17,359	1,455	–	18,814
Charge for the year	351	1,789	–	2,140
At 31 March 2019	17,710	3,244	–	20,954
Charge for the year	711	158	–	869
At 31 March 2020	18,421	3,402	–	21,824
Net book value				
At 31 March 2019	6,246	175	–	6,421
At 31 March 2020	9,621	313	1,304	11,238

⁽¹⁾ Assets acquired through business combinations are disclosed in the table on the following page.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

14. Intangible assets continued

In the prior year the £259K impairment for the year relates to Fenman publishing rights.

In the prior year, the increase in amortisation charge for intangibles reflects the strategic review carried out by the Board on the useful economic life of the software platform developed in-house by the Group. As a consequence of that review the amortisation charge increased by £1.3 million reflecting a shortened useful economic life of the intangible asset.

The useful economic lives of the intangible assets are as follows:

- Dods 75 years
- Total Politics 20 years
- Holyrood 20 years
- Merit 8 years
- Software intangibles 2-6 years

The carrying value of publishing rights with a useful economic life of 75 years is £4.1 million (2019: £4.1 million).

Included within intangible assets are internally generated assets with a net book value of £0.3 million (2019: £0.2 million).

Assets acquired through business combinations comprise:

	Publishing rights £'000	Brand names £'000	Customer relationships and lists £'000	Other assets £'000	Total £'000
Cost					
At 1 April 2018	19,193	1,277	3,591	154	24,215
Impairment	(259)	–	–	–	(259)
At 31 March 2019	18,934	1,277	3,591	154	23,956
Acquisition of subsidiary	–	–	4,086	–	4,086
At 31 March 2020	18,934	1,277	7,677	154	28,042
Accumulated amortisation					
At 1 April 2018	12,337	1,277	3,591	154	17,359
Charge for the year	351	–	–	–	351
At 31 March 2019	12,688	1,277	3,591	154	17,710
Charge for the year	351	–	360	–	711
At 31 March 2020	13,039	1,277	3,951	154	18,421
Net book value					
At 31 March 2019	6,246	–	–	–	6,246
At 31 March 2020	5,895	–	3,726	–	9,621

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

15. Property, plant and equipment

	Leasehold Improvements £'000	IT Equipment and Fixtures and Fittings £'000	Total £'000
Cost			
At 1 April 2018	1,944	1,072	3,016
Additions	66	49	115
Disposals	–	–	–
At 31 March 2019	2,010	1,121	3,131
Additions	15	172	187
Acquisition of subsidiary	–	421	421
At 31 March 2020	2,025	1,714	3,739
Accumulated depreciation			
At 1 April 2018	279	410	689
Charge for the year	201	178	379
Disposals	–	–	–
At 31 March 2019	480	588	1,068
Charge for the year	212	325	537
At 31 March 2020	692	913	1,605
Net book value			
At 31 March 2019	1,530	533	2,063
At 31 March 2020	1,333	801	2,134

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

16. Subsidiaries

Company	Activity	% holding	Country of registration
Dods Parliamentary Communications Limited ⁽¹⁾	Publishing	100	England and Wales
Fenman Limited ⁽¹⁾	Publishing	100	England and Wales
Holyrood Communications Ltd ⁽²⁾	Publishing	100	Scotland
Le Trombinoscope SAS ⁽³⁾	Publishing	100	France
Total Politics Limited ⁽¹⁾	Publishing	100	England and Wales
Training Journal Limited ⁽¹⁾	Holding company	100	England and Wales
Meritgroup Limited ⁽¹⁾	Data and code	100	England and Wales
Letrim Intelligence Services Private Limited ⁽⁴⁾	Data and code	99.99	India
Merit Processes Limited ⁽¹⁾	Dormant	100	England and Wales
European Parliamentary Communications Services SPRL ⁽⁵⁾	Dormant	100	Belgium
Mislex (420) Limited ⁽¹⁾	Dormant	100	England and Wales
Monitoring Services Limited ⁽¹⁾	Dormant	100	England and Wales
Political Wizard Limited ⁽¹⁾	Dormant	100	England and Wales
Social Lens Limited ⁽¹⁾	Dormant	100	England and Wales
Vacher Dod Publishing Limited ⁽¹⁾	Dormant	100	England and Wales
VDP Limited ⁽¹⁾	Dormant	100	England and Wales

⁽¹⁾ Registered address: 11th Floor, The Shard, 32 London Bridge Street, London, SE1 9SG.

⁽²⁾ Registered address: Panmure Court, 32 Calton Road, Edinburgh, EH8 8DP.

⁽³⁾ Registered address: 315 Bureaux de la Colline, 1 rue Royale, 92213 Saint-Cloud cedex, Paris, France.

⁽⁴⁾ Registered address: SP 52, 3rd Street, Ambattur Industrial Estate, Chennai 600 058.

⁽⁵⁾ Registered address: Boulevard Carlemagne 1, 1041 Bruxelles, Belgium.

During the current year the Group have elected to provide a parental guarantee to Fenman Limited, Total Politics Limited and Holyrood Communications Ltd in accordance with section 479C of the Companies Act 2006, meaning that they are exempt from the requirement to have a statutory audit.

Acquisitions of subsidiaries

Summary of acquisition

During the current year, on 18 July 2019, the parent entity acquired 100 percent of the issued share capital of Meritgroup Limited and its subsidiaries, a provider of data services and software code. The acquisition will enable the Group to further diversify and strengthen its presence in new end markets and open up significant opportunities through the sharing of resources and talent across the Group.

There were no acquisitions in the prior year.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	2020 £'000
Purchase consideration	
Cash paid	18,231
Ordinary shares issued	1,046
Deferred consideration	2,091
Purchase consideration	21,368

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

16. Subsidiaries continued

The fair value of the 13,715,881 shares issued as part of the consideration was based on the average of the middle market quotations for Purchaser Ordinary Shares on AIM for each of the five dealing days prior to the completion date. The deferred consideration is not contingent on any future event occurring and requires the Group to issue a variable number of shares to the value of £1.045 million on the first anniversary of the acquisition and £1.045 million on the second anniversary of the acquisition.

Deferred consideration	Current £'000	Non-current £'000	Total £'000
Deferred consideration to be settled in shares	1,046	1,045	2,091
			2020
Fair value of net assets acquired			£'000
Cash and cash equivalents			1,176
Trade and other receivables			2,336
Property, plant and equipment			421
Right-of-use assets			4,209
Identifiable intangible assets			4,086
Trade and other payables			(1,587)
Lease liabilities			(4,209)
Deferred tax liability			(693)
Net identifiable assets acquired			5,739
Add: Goodwill			15,629
Net assets acquired			21,368

The goodwill arising from the acquisition consists of largely intangible assets that cannot be separately recognised, such as the assembled workforce of the acquired entity and cost synergies expected to flow to the Group. The goodwill is not expected to be deductible for income tax purposes.

The fair value of trade and other receivables is £2.30 million. The gross amount for trade receivables is £2.30 million, with a loss allowance of £0.02 million recognised on acquisition.

The acquired subsidiary contributed revenues of £7.6 million and net profit of £0.7 million for the year ended 31 March 2020.

Purchase consideration – cash outflow

Net cash outflow arising on acquisition	2020 £'000
Cash paid	18,231
Less: cash and cash equivalent balances acquired	(1,176)
Net cash outflow	17,055

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

17. Investments in associates

Set out below are the associates and joint ventures of the Group as at 31 March 2020 which, in the opinion of the directors, are individually not material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% ownership	Carrying amount 2019 £'000	Impairment 2020 £'000	Share of profit 2020 £'000	Carrying amount 2020 £'000
Sans Frontieres Associates Ltd ⁽¹⁾	40	–	–	164	164
Social 360 Limited ⁽²⁾	30	503	–	(6)	497
		503	–	158	661

Place of business/country of incorporation of both entities is England. The Group accounts for both entities as equity-accounted associates. In the prior year, after a strategic review, the Board impaired the Group's investment in Social 360 Limited by £1.231 million.

- ⁽¹⁾ On 16 February 2017, the Group purchased 40% of the issued share capital of Sans Frontieres Associates Limited (SFA), a company registered in England and Wales, for a carrying value of £40.

SFA's objective is to redefine the approach taken to international geopolitical and crisis communications consulting.

As at the year end the Group had loaned SFA £560,000 (2019: £700,000). During the year, repayments of £140,000 were received by the Group. The remaining unsecured loan of £560,000 carries no interest rate charge and is repayable in 2022. Recoverability is reviewed on an annual basis.

After taking into account the Group's power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of investor's return, the Directors have concluded that the Group does not have a controlling interest in SFA as it is not able to direct the activities of SFA. Therefore SFA has been accounted for as an associate in these financial statements.

- ⁽²⁾ On 16 November 2017, the Group purchased 30% of the enlarged share capital of Social 360 Limited (Social360), a company registered in England and Wales, for a carrying value of £1.68 million in cash including acquisition costs. Social360 provides intelligent digital media monitoring and analysis. The acquisition includes a contractual option for the Group, at its sole discretion, to purchase the balance of the current existing shares between November 2019 and November 2020, at a valuation based upon Social360's prevailing EBITDA. It is considered that the fair value of the option at the balance sheet date is £nil (2019: £nil).

During the prior year, after a strategic review, the Board impaired the Group's investment in Social 360 Limited by £1,231,000.

The total share of profit recognised from associates is £158K (2019: £50K).

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

18. Work in progress and inventories

	2020 £'000	2019 £'000
Work in progress and inventories	273	16
	273	16

19. Financial instruments

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2020 £'000	2019 £'000
Financial assets		
Trade and other receivables	5,086	2,318
Long-term loan	560	700
Cash and cash equivalents	4,368	7,160
Restricted cash held in deposit account	–	1,266
	10,014	11,444
Financial liabilities		
Trade and other payables	(10,226)	(9,870)
Bank loan	(3,000)	–
	(13,226)	(9,870)
Net financial assets and liabilities	(3,212)	1,574
Non-financial instruments		
Property, plant and equipment	2,134	2,063
Goodwill	28,911	13,282
Other intangible assets	11,238	6,421
Prepayments and accrued income	2,733	1,266
Inventories	273	16
Other non-financial instruments	(5,462)	(1,116)
Provisions for deferred tax	(862)	(487)
	38,965	21,445
Total equity	35,753	23,019

The Group has exposure to several forms of risk through its use of financial instruments. Details of these risks and the Group's policies for managing these risks are included below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are trade and other receivables, and cash.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

At 31 March 2020, £487,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2019: £270,000).

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

19. Financial instruments continued

The ageing of trade receivables at the reporting date was:

	Gross 2020 £'000	Provided 2020 £'000	Gross 2019 £'000	Provided 2019 £'000
Current or overdue by less than 3 months	4,472	–	1,958	–
Overdue by greater than 3 months	104	(64)	96	(95)
	4,576	(64)	2,054	(95)

Provisions against trade receivables are based on an ageing analysis of overdue receivables and any other indications which suggest an impairment as estimated by management.

The movement in allowance for doubtful accounts in respect of trade receivables during the year was as follows:

	2020 £'000	2019 £'000
Balance at the beginning of the year	95	41
Acquisition of subsidiary	15	–
Movement	(46)	54
Balance at the end of the year	64	95

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The contractual cash flows of each financial liability are materially the same as their carrying amount.

Maturity of financial liabilities:

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 31 March 2020. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Due within 1 year £'000	Due between 1 year and 5 years £'000	Total £'000
Trade and other payables	12,423	545	12,968
Bank loan	3,000	–	3,000

All the financial liabilities in the prior year had a maturity date of within one year. The £3 million bank loan has been classified as current – see note 22.

Currency risk

The Group is exposed to currency risk on transactions denominated in Euros, US Dollars and Indian Rupees.

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. For further details of share capital see note 24.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

19. Financial instruments continued

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 March 2020, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax by approximately £32,000 (2019: £nil). In the prior year the Group did not have any borrowings.

It is estimated that a general increase of one percentage point in the value of the Euro against Sterling would have increased the Group's profit before tax by approximately £11,000 (2019: £25,000).

Fair values

The directors consider that the fair value of financial instruments is materially the same as their carrying amounts.

Capital management

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while maximising return to stakeholders, as well as sustaining the future development of the business. The capital structure of the Group consists of cash and cash equivalents and equity attributable to the owners of the parent, comprising issued share capital, other reserves and retained earnings.

20. Other financial assets

	2020 £'000	2019 £'000
Trade and other receivables		
Trade receivables	4,512	1,959
Other receivables	574	359
Prepayments and accrued income	2,733	1,266
	7,819	3,584

Trade and other receivables denominated in currencies other than Sterling comprise £351,000 (2019: £270,000) denominated in Euros and £127,000 (2019: £nil) denominated in USD.

	2020 £'000	2019 £'000
Cash related		
Cash and cash equivalents	4,368	7,160
Restricted cash held in deposit account	–	1,266
	4,368	8,426

Cash includes £763,000 (2019: £1,794,301) denominated in Euros, £248,000 (2019: £480,000) denominated in USD and £998,000 (2019: £nil) denominated in Indian rupees.

Included in cash at bank is a rental deposit of £nil (2019: £1,266,000) held in a bank account in the Group's name which is subject to a guarantee in favour of the landlord of the London premises of the Group.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

21. Trade and other payables

Current	2020 £'000	2019 £'000
Trade creditors	1,880	1,129
Other creditors including tax and social security	2,197	1,619
Other payables	272	–
Accruals and deferred income	8,074	8,741
	12,423	11,489

Current liabilities denominated in currencies other than Sterling comprise £47,000 (2019: £26,000) denominated in Euros, £20,000 (2019: £25,000) denominated in USD and £752,000 (2019: £nil) denominated in Indian rupees.

Non-current	2020 £'000	2019 £'000
Other payables	545	–

The non-current other payables balance reflects an amount payable arising on the acquisition of Merit, contingent on the continued employment of certain of the Merit employees.

22. Interest-bearing loans and borrowings

During the year, the Group borrowed a term loan of £3 million (2019: £nil) over a 5-year period carrying a rate of 3.25% over LIBOR. In addition, it has a revolving credit facility (RCF) of £2 million carrying a rate of 3.5% over LIBOR. The current balance outstanding on the term loan is £3 million. The current balance outstanding on the RCF is £nil.

See note 19 for the maturity analysis of the bank loan.

Updated banking facilities and covenant waiver

During the year end audit process, the Group became aware of a change in a contractual obligation that existed as at 31 March 2020 that caused it to be in breach of one of its three banking covenants.

The Group has secured a waiver from the bank for this breach; however, because the waiver was not in place as at the balance sheet date the entire £3 million loan balance has been classified as current in these financial statements. The Group expects the £3 million loan balance to be classified as long term liability in its interim result balance sheet on 30 September 2020.

In the 12 month period from the balance sheet date capital repayments of £0.4 million will be repaid to the bank with the remaining £2.6 million due in subsequent periods.

The group continues to enjoy the support of Barclays Bank plc and agreement has been reached on new covenants to support the Group in 2021.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

23. Deferred tax liability

The following are the major deferred tax liabilities and assets recognised by the Group, and movements thereon during the current year and prior year:

	Liabilities		Assets		Total £'000
	Intangible assets £'000	Other timing differences £'000	Accelerated capital allowances £'000	Tax losses £'000	
At 31 March 2018	973	(3)	(70)	(139)	763
Charge to income	(260)	(1)	28	(41)	(275)
At 31 March 2019	713	(4)	(42)	(180)	487
Acquisition of subsidiary	693	–	–	–	693
Other movements	(155)	–	–	–	(155)
Charge to income	(140)	45	2	(70)	(163)
At 31 March 2020	1,111	41	(40)	(250)	862

Deferred tax assets and liabilities have been offset in both the current year and preceding year as the current tax assets and liabilities can be legally offset against each other, and they relate to taxes levied by the same taxation authority or the Group intends to settle its current tax assets and liabilities on a net basis.

At the balance sheet date, the Group has unused tax losses of £8.1 million (2019: £5.1 million) available for offset against future profits. A deferred tax asset of £250,000 (2019: £180,000) has been recognised in respect of such losses.

24. Issued capital

	9p deferred shares Number	1p ordinary shares Number	Total £'000
Issued share capital as at 1 April 2019	151,998,453	341,640,953	17,096
Shares issued during the year	–	214,288,760	2,143
Issued share capital as at 31 March 2020	151,998,453	555,929,713	19,239

Holders of deferred shares do not have the right to receive notice of any general meeting of the Company or any right to attend, speak or vote at such meeting. The deferred shareholders are not entitled to receive any dividend or distribution and shall on a return of assets in a winding up of the Company entitle the holders only to the repayment of 1pence aggregate. The deferred shares are also incapable of transfer and no share certificate will be issued.

During the year the Company issued 214,288,760 ordinary shares to part fund the acquisition of Merit.

During the year the Group issued nil (2019: nil) ordinary shares on the exercise of employee share options for cash consideration of £nil (2019: £nil) of which £nil (2019: £nil) was credited to share capital and £nil (2019: £nil) to share premium.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

25. Leases

The Group has adopted IFRS 16 Leases as at 1 April 2019, which replaces IAS 17 Leases. The Group has elected to apply the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised as an opening balance adjustment to retained earnings as at 1 April 2019. Prior periods have not been restated.

On transition to IFRS 16 on 1 April 2019, the Group recognised a £4.9 million right-of-use asset, along with a corresponding lease liability of £6.2 million. Accrued rent has been adjusted by £1.1 million and the difference of £0.2 million against opening retained earnings. The incremental borrowing rate used by the Group in applying IFRS 16 is 5 percent.

A reconciliation of total operating lease commitments disclosed at 31 March 2019 to the lease liability amount recognised on adoption of IFRS 16 is as follows:

	£'000
Total operating lease commitments disclosed at 31 March 2019	7,546
Discounted using incremental borrowing rate	(1,359)
Total lease liabilities recognised under IFRS 16 at 1 April 2019	6,187

	Right-of-use assets £'000	Lease liabilities £'000
On adoption – 1 April 2019	4,927	(6,187)
Additions through acquisition of subsidiary	4,209	(4,209)
Depreciation	(1,210)	–
Lease interest	–	(420)
Lease payments	–	1,732
Decrease in accruals/prepayments	–	(132)
As at 31 March 2020	7,926	(9,216)
Current	n/a	(1,515)
Non-current	n/a	(7,701)

The statement of profit or loss shows the following amounts relating to leases:

	2020 £'000	2019 £'000
Depreciation charge of right-of-use assets	1,210	–
Interest expense (included in finance cost)	420	–

The right-of-use assets relate to office space in five locations and at the balance date have remaining terms ranging up to 6.5 years.

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

26. Share-based payments

Executive Share Option Scheme

The Company operates an Unapproved Executive Share Option Scheme under which equity-settled share options are granted to selected Group employees. Currently, only 1 employee holds options under the scheme, and this employee is not a director of the Company. The contractual life of each grant is 10 years. No more awards will be made under this scheme.

Grant date	Outstanding options at 1 April 2019	Granted during the year	Lapsed/ exercised during the year	Outstanding options at 31 March 2020
6 May 2009	150,000	–	(150,000)	–
4 November 2010	100,000	–	–	100,000
	250,000	–	(150,000)	100,000

All options granted are discretionary (as determined by the Board) and carry a pre-exercise performance condition, requiring the Company's Earnings Per Share achievement during any rolling three-year financial performance year to exceed the retail/consumer price index by at least 3%, in aggregate, during the same period. No consideration is received for an award and no grants can be made at an option exercise price per share which is less than the market price at the time of grant.

Long-Term Incentive Plan (LTIP)

During the prior year, the Company granted the former Chief Executive Officer a conditional award under a new long-term incentive plan. No more awards will be made under this scheme.

Grant date	Outstanding options at 1 April 2019	Granted during the year	Lapsed/ exercised during the year	Outstanding options at 31 March 2020
21 September 2018	1,562,000	–	–	1,562,000
	1,562,000	–	–	1,562,000

To become exercisable, the options are dependent on the market capitalisation of the Group. The options have a contractual life of 3 years, with the potential for additional value to be realised after a 4th year, subject to performance hurdles. The first £250,000 of this long-term incentive plan are under an approved EMI scheme. The option pricing model used in relation to the LTIP is a Monte-Carlo simulation model. Significant assumptions used include volatility and risk-free rates.

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

	Number of Ordinary shares	Weighted average exercise price (pence)
As at 1 April 2018	250,000	10.0p
Granted during the year	1,562,000	n/a
As at 31 March 2019	1,812,000	n/a
Granted during the year	–	n/a
Lapsed during the year	(150,000)	n/a
As at 31 March 2020	1,662,000	n/a

Notes to the consolidated financial statements continued

For the year ended 31 March 2020

26. Share-based payments continued

The following options were outstanding under the Company's Executive Share Option Scheme and LTIP, as at 31 March 2020:

	Number of Ordinary shares	Exercise price per share (pence)	Exercise period
Executive Share Option Scheme			
4 November 2010	100,000	10.0p	Nov 2020
Long-Term Incentive Plan			
21 September 2018	1,562,000	16.1087p	Sept 2021
	1,662,000		

The income statement charge in respect of the LTIP for the year was £20,000 (2019: £11,000).

27. Related party transactions

During the year, CC Jones Consulting Limited provided strategic consultancy services to Dods Group plc to the value of £nil (2019: £85,000). Former Chairman Cheryl C. Jones is also a director of CC Jones Consulting Limited (also refer to note 7 detailing directors' remuneration).

During the year, Artefact Partners LLP provided strategic consultancy services to Dods Group plc to the value of £20,000 (2019: £20,000). Current Non-Executive Director Richard Boon is an LLP designated member of Artefact Partners LLP (also refer to note 7 detailing directors' remuneration).

During the year, the Group received a repayment of £140,000 (2019: £nil) on its interest free loan to its associate Sans Frontieres Associates (SFA). At 31 March 2020 the balance outstanding was £560,000 (2019: £700,000).

During the year, an amount of £55,720 (2019: £60,781) was payable to an associate Social 360 Limited, in relation to profit-share for monitoring services provided. At 31 March 2020, £22,620 (2019: £11,490) of this balance was outstanding.

On acquisition of Merit, an arm's length non-repairing 7-year lease was entered into between a Merit subsidiary (Letrim Intelligence Services Private Limited) and Merit Software Services Private Limited. Cornelius Conlon, a director of the Group, is the beneficial owner of Merit Software Services Private Limited. The lease relates to the Chennai office of Merit. During the year, payments of £535,000 were made to Merit Software Services Private Limited in relation to the lease.

The Executive directors of the Group are considered key management personnel. See note 7 for details of directors' remuneration.

28. Events occurring after the reporting date

On 23 May 2020 the Group agreed certain modifications to its banking facilities with Barclays Bank plc including an additional 9 month capital repayment holiday on a £3 million loan (note duration of the loan has not been extended), a waiver of all covenants through to 31 December 2020 and certain revised covenants thereafter.

In addition, on 1 September the Group agreed revised covenants for the period starting 1 January 2021 and also agreed a waiver of the annual covenant test for 31 March 2021.

On 29 July 2020 the Group announced the allotment of 26,141,667 new ordinary shares in connection with its deferred consideration obligations entered into as part of the Company's acquisition of Meritgroup Limited.

The Group has been impacted by COVID-19 from March 2020. As discussed earlier, continuing efforts to manage the COVID-19 situation are in place and are fluid. The Board at this stage cannot predict the medium to long-term effects of COVID-19 and therefore does not expect to be able to issue any forward-looking statements or guidance for the foreseeable future.

Parent company balance sheet

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Intangible assets	31	1,624	1,085
Tangible fixed assets	32	1,658	1,954
Investments	33	42,342	20,974
Long-term loan		560	700
Total non-current assets		46,184	24,713
Current assets			
Debtors	34	3,862	4,663
Cash	35	120	1,962
Total current assets		3,982	6,625
Total assets		50,166	31,338
Capital and reserves			
Called-up share capital	38	19,239	17,096
Share premium account		20,082	8,143
Merger reserve		409	409
Profit and loss account		1,366	1,340
Total equity		41,096	26,988
Current liabilities			
Trade and other payables	36	3,058	3,974
Deferred consideration	33	1,046	–
Bank loan	37	3,000	–
Total current liabilities		7,104	3,974
Non-current liabilities			
Other payables	36	921	376
Deferred consideration	33	1,045	–
Total non-current liabilities		1,966	376
Total equity and liabilities		50,166	31,338

During the year, the company made a profit of £26,000 (2019: loss of £3,196,929).

The notes on pages 60 to 66 form part of these financial statements.

These financial statements were approved by the Board of directors and were signed on its behalf by:

Simon Bullock
Chief Financial Officer

2 September 2020

Company number: 04267888

Parent company statement of changes in equity

For the year ended 31 March 2020

	Share capital £'000	Share premium ⁽¹⁾ £'000	Merger reserve ⁽²⁾ £'000	Retained earnings £'000	Total shareholders' funds £'000
At 1 April 2018	17,096	8,143	409	4,537	30,185
Total comprehensive income					
Loss for the year	–	–	–	(3,197)	(3,197)
Share-based payment charge	–	–	–	–	–
Transactions with the owners					
Issue of ordinary shares	–	–	–	–	–
At 31 March 2019	17,096	8,143	409	1,340	26,988
Total comprehensive income					
Profit for the year	–	–	–	26	26
Share-based payment charge	–	–	–	–	–
Transactions with the owners					
Issue of ordinary shares	2,143	11,939	–	–	14,082
At 31 March 2020	19,239	20,082	409	1,366	41,096

⁽¹⁾ The share premium reserve represents the amount paid to the Company by shareholders above the nominal value of shares issued.

⁽²⁾ The merger reserve represents accounting treatment in relation to historical business combinations.

The notes on pages 60 to 66 form part of these financial statements.

Notes to the parent company financial statements

For the year ended 31 March 2020

29. Statement of Accounting Policies – company

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with United Kingdom applicable accounting standards, including Financial Reporting Standard 102, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

The individual accounts of the Company have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes;
- financial instrument disclosures, including: categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments, and exposure to and management of financial risks;
- the requirement to present share-based payment disclosures; and
- the requirement to disclose key management personnel compensation.

Going Concern

The Directors have considered the implications for Going Concern for a period of at least twelve months from the signing of these accounts. The Board remains satisfied with the Company's funding and liquidity position as discussed further in note 1 of the group financial statements.

The Board remains mindful regarding the uncertainties inherent in the current economic conditions. The company's forecasts and projections, taking into account reasonable changes in trading performance given these uncertainties, show the Company operating within its current cash flow with headroom going forward.

On the basis of these forecasts, and given the level of cash available, the Board has concluded that the going concern basis of preparation continues to be appropriate.

Share-based payments

The Company operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Deferred tax is recognised where it is likely that tax relief will be available on the difference between exercise price and market price at the balance sheet date.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises a movement in the cost of investment in its subsidiaries equivalent to the equity-settled share based payment charge recognised in its subsidiary's financial statements, with the corresponding movement being recognised directly in equity.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes to the parent company financial statements continued

For the year ended 31 March 2020

29. Statement of Accounting Policies – company continued

Post-retirement benefits – defined contribution

The Company contributes to independent defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Dividends

Dividends from subsidiary companies are accounted for when payable. Dividends payable to shareholders are recognised when they are approved by the shareholders at the Annual General Meeting. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Tax

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset of a fixed asset have been met, the deferred tax is reversed, recognised, and will be assessed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been for tax in a future period, except where:

- the Company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Intangible assets

Intangible assets represent publishing rights acquired by the Company. These are amortised over their useful economic life of 20 years.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the remaining life of the lease
Equipment and fixtures and fittings	3-5 years

Fixed asset investments

In the Company's financial statements, investments in subsidiary undertakings and participating interests are stated at cost less any provisions for impairment.

Notes to the parent company financial statements continued

For the year ended 31 March 2020

29. Statement of Accounting Policies – company continued

Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of other comprehensive income until the carrying amount reaches the asset's depreciated historic cost.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount.

For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets, liabilities and equity instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

Notes to the parent company financial statements continued

For the year ended 31 March 2020

29. Statement of Accounting Policies – company continued

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

30. Staff costs – company

The average number of persons employed by the Company (including executive directors) during the year within each category was:

	2020	2019
Managerial and administration staff	8	8

The aggregate payroll costs in respect of these employees (including executive directors) were:

	2020 £'000	2019 £'000
Wages and salaries	678	786
Social security costs	76	96
Pension and other costs	–	1
Share-based payment charge	20	11
	774	894

Detailed disclosures on directors' remuneration is given in note 7.

31. Intangible assets – company

	Publishing rights £'000	Other capitalised costs £'000	Total £'000
Cost			
At 1 April 2018	1,357	–	1,357
At 31 March 2019	1,357	–	1,357
Additions	–	607	607
At 31 March 2020	1,357	607	1,964
Accumulated amortisation			
At 1 April 2018	204	–	204
Charge for the year	68	–	68
At 31 March 2019	272	–	272
Charge for the year	68	–	68
At 31 March 2020	340	–	340
Net book value			
At 31 March 2019	1,085	–	1,085
At 31 March 2020	1,017	607	1,624

Notes to the parent company financial statements continued

For the year ended 31 March 2020

32. Tangible fixed assets – company

	Leasehold Improvements £'000	IT equipment £'000	Total £'000
Cost			
At 1 April 2018	1,926	748	2,674
Additions	66	–	66
At 31 March 2019	1,992	748	2,740
Additions	14	–	14
At 31 March 2020	2,006	748	2,754
Accumulated depreciation			
At 1 April 2018	262	200	462
Charge for the year	201	123	324
At 31 March 2019	463	323	786
Charge for the year	204	106	310
At 31 March 2020	667	429	1,096
Net book value			
At 31 March 2019	1,529	425	1,954
At 31 March 2020	1,339	319	1,658

33. Fixed asset investments – company

	Associates £'000	Subsidiary undertakings £'000	Total £'000
Cost			
As at 1 April 2019	463	20,511	20,974
Addition	–	21,368	21,368
As at 31 March 2020	463	41,879	42,342

Detailed disclosures on subsidiary undertakings are given in note 16 and associates in note 17. During the current year, the Company purchased 100 percent of the share capital of Meritgroup Limited. During the prior year, the carrying value of the Company's investment in Social 360 Limited was impaired by £1,231,000.

Deferred and contingent consideration payable in relation to the acquisition of Meritgroup Limited are also outlined in note 16.

34. Trade and other receivables – company

	2020 £'000	2019 £'000
Other debtors	–	162
Amounts owed by group undertakings	2,692	4,285
Prepayments and accrued income	1,170	216
	3,862	4,663

Notes to the parent company financial statements continued

For the year ended 31 March 2020

35. Cash and cash equivalents – company

	2020 £'000	2019 £'000
Cash and cash equivalents	120	1,962

36. Trade and other payables – company

Trade and other payables: amounts falling due within one year	2020 £'000	2019 £'000
Amounts owed to group undertakings	1,179	1,232
Other creditors including tax and social security	18	15
Other payables	272	–
Accruals and deferred income	1,589	2,727
	3,058	3,974

Trade and other payables: amounts falling due after more than one year	2020 £'000	2019 £'000
Amounts owed to group undertakings	376	376
Other payables	545	–
	921	376

The non-current other payables balance reflects an amount payable arising on the acquisition of Merit, contingent on the continued employment of certain of the Merit employees.

37. Interest-bearing loans and borrowings – company

During the year, the Company borrowed a term loan of £3 million (2019: £nil) over a 5-year period carrying a rate of 3.25% over LIBOR. In addition, it has a revolving credit facility (RCF) of £2 million carrying a rate of 3.5% over LIBOR. The current balance outstanding on the term loan is £3 million. The current balance outstanding on the RCF is £nil.

See note 19 for the maturity analysis of the bank loan.

38. Share capital – company

	9p deferred shares Number	1p ordinary shares Number	Total £'000
Issued share capital as at 1 April 2019	151,998,453	341,640,953	17,096
Shares issued during the year	–	214,288,760	2,143
Issued share capital as at 31 March 2020	151,998,453	555,929,713	19,239

Holders of deferred shares do not have the right to receive notice of any general meeting of the Company or any right to attend, speak or vote at such meeting. The deferred shareholders are not entitled to receive any dividend or distribution and shall on a return of assets in a winding up of the Company entitle the holders only to the repayment of 1pence aggregate. The deferred shares are also incapable of transfer and no share certificate will be issued.

During the year the Company issued 214,288,760 ordinary shares to part fund the acquisition of Merit.

During the year the Company issued nil (2019: nil) ordinary shares on the exercise of employee share options for cash consideration of £nil (2019: £nil) of which £nil (2019: £nil) was credited to share capital and £nil (2019: £nil) to share premium.

Notes to the parent company financial statements continued

For the year ended 31 March 2020

39. Operating lease commitments – company

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

Land and buildings	2020 £'000	2019 £'000
Within one year	1,056	1,056
Between two and five years	4,223	4,223
After five years	1,078	2,136
	6,357	7,415

40. Related party disclosures – company

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Related Party Disclosures Section 33 (33.1A) from disclosing transactions which occurred between wholly owned subsidiaries of the Group headed by Dods Group plc.

During the year, CC Jones Consulting Limited provided strategic consultancy services to Dods Group plc to the value of £nil (2019: £85,000). Former Chairman Cheryl C. Jones is also a director of CC Jones Consulting Limited (also refer to note 7 detailing directors' remuneration).

During the year, Artefact Partners LLP provided strategic consultancy services to Dods Group plc to the value of £20,000 (2019: £20,000). Current Non-Executive Director Richard Boon is a LLP designated member of Artefact Partners LLP (also refer to note 7 detailing directors' remuneration).

During the year, the Company received repayment of £140,000 (2019: £nil) of an interest free loan from its associate Sans Frontieres Associates (SFA). At 31 March 2020 the balance outstanding was £560,000 (2019: £700,000).

41. Events occurring after the reporting date

On 23 May 2020 the Group agreed certain modifications to its banking facilities with Barclays Bank plc including an additional 9 month capital repayment holiday on a £3 million loan (note duration of the loan has not been extended), a waiver of all covenants through to 31 December 2020 and certain revised covenants thereafter.

In addition, on 1 September the Group agreed revised covenants for the period starting 1 January 2021 and also agreed a waiver of the annual covenant test for 31 March 2021.

On 29 July 2020 the Group announced the allotment of 26,141,667 new ordinary shares in connection with its deferred consideration obligations entered into as part of the Company's acquisition of Meritgroup Limited.

The Group has been impacted by COVID-19 from March 2020. As discussed earlier, continuing efforts to manage the COVID-19 situation are in place and are fluid. The Board at this stage cannot predict the medium to long-term effects of COVID-19 and therefore does not expect to be able to issue any forward-looking statements or guidance for the foreseeable future.

Notice of Annual General Meeting

To be held at the offices of the Company on 29 September 2020 at 11.00am.

Non-attendance requested relating to current Covid-19 pandemic

Under normal circumstances, the Board greatly values the opportunity to meet shareholders in person. Shareholders are reminded of and strongly encouraged to use their right to appoint the Chair of the AGM as their proxy. Shareholders can do this by utilising one of the methods detailed in paragraph 5 of the notes to the Notice of AGM and are encouraged to appoint a proxy as early as possible. Given the current restrictions on attendance, shareholders are encouraged to appoint the Chairman of the Meeting as their proxy rather than a named person who will not be permitted to attend the meeting.

We invite shareholders to submit any questions in advance of the AGM. Any specific questions on the business of the AGM can be submitted ahead of the AGM by e-mail to ir@dodsgroup.com (marked for the attention of the CFO). We will publish these questions (other than any questions which the Board considers to be frivolous or vexatious) and answers on our website following the AGM.

Please note that professional advisors have also been asked not to attend the AGM. Shareholders should also continue to monitor the Company's website and announcements for any updates in relation to the AGM (for example as to time, date and place).

Ordinary business

- To receive the Company's annual accounts for the financial year ended 31 March 2020, together with the directors' report and the auditors' report on those accounts.
- To re-appoint Grant Thornton UK LLP as auditors to the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid.
- To authorise the directors to set the auditors' remuneration.
- To re-appoint Simon Bullock as a director of the Company pursuant to article 111 of the articles of association of the Company.
- To re-appoint Cornelius Conlon as a director of the Company pursuant to article 111 of the articles of association of the Company.
- To re-appoint Munira Ibrahim as a director of the Company pursuant to article 111 of the articles of association of the Company.

Special business

As special business, to consider and, if thought fit, to pass the following resolutions which will be proposed as to resolution 7 as an ordinary resolution and to resolutions 8 and 9 as special resolutions:

- That**, in place of all existing authorities to the extent unused, the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of 1,940,237 (being 194,023,700 ordinary shares of £0.01 each or approximately 33.3% of the Company's issued share capital) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's annual general meeting to be held in 2021, but so that such authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot equity securities (as defined in section 560 of the Act) in pursuance of such offers or agreements as if this authority had not expired.
- That**, subject to and conditional upon Resolution 7 set out in this notice having been passed, in substitution for all subsisting authorities to the extent unused, the directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by Resolution 7 above and/or where the allotment constitutes an allotment of equity securities by virtue of section 573 of the Act, as if section 561 of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

Notice of Annual General Meeting continued

- (a) in connection with a rights issue or open offer in favour of the holders of ordinary shares on the register of members at such record dates(s) or any other persons entitled to participate in such rights issue or open offer (other than the Company itself in respect of any shares held by it as treasury shares) as the directors may determine, where the equity securities respectively attributable to the interest of the ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them on any record date(s), subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal practical problems arising under the laws of any territory or the requirements of any recognised regulatory body or stock exchange or otherwise, and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's annual general meeting to be held in 2021; and
- (b) the allotment (other than pursuant to paragraph (a) of this Resolution) to any person or persons of equity securities up to an aggregate nominal value of £291,035 being 4.99% of the Company's issued share capital (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's annual general meeting to be held in 2021;

but so that such authority shall allow the Company before such expiry to make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if this authority had not expired.

9. **To** authorise the Company generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of £0.01 each provided that:
- (a) The maximum aggregate number of ordinary shares that may be purchased is 58,207,138 being 10% of the Company's issued share capital.

- (b) The minimum price (excluding expenses) which may be paid for each ordinary share is £0.01.
- (c) The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
- (i) 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and
- (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for:
- (a) the last independent trade of; and
- (b) the highest current independent bid for,
- any number of the Company's ordinary shares on the trading venue where the purchase is carried out.

The authority conferred shall expire at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after the date of this annual general meeting except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board

Simon Bullock
Chief Financial Officer
Dods Group plc

Date: 2 September 2020

Registered Office: 11th Floor, The Shard, 32 London Bridge Street, London SE1 9SG

Notice of Annual General Meeting continued

Notes:

These notes are important and require your immediate attention.

Entitlement to attend and vote

- Only those shareholders registered in the Company's register of members at:

- 6.00 pm on 28 September 2020; or
- if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,

shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Website giving information regarding the meeting

- Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at <http://www.dodsgroup.com/>

Appointment of proxies

- A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the AGM. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. You will not have received a hard copy proxy form for the 2020 AGM in the post. You can instead submit your proxy vote electronically by accessing the shareholder portal at www.signalshares.com, logging in and selecting the 'Vote Online Now' link. You will require your username and password in order to log in and vote. If you have forgotten your username or password you can request a reminder via the shareholder portal. If you have not previously registered to use the portal you will require your investor code ('IVC') which can be found on your share certificate. Proxy votes should be submitted as early as possible and in any event, no later than 48 hours before the time for the holding of the meeting or any adjournment of it. You may request a hard copy proxy form directly from the Registrars, Link Asset Services by emailing enquiries@linkgroup.co.uk or by post at Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. To be valid, any hard copy proxy form must be received by post or (during normal business hours only) by hand at the Company's registrars, Link Asset Services, The

Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours before the time for the holding of the meeting or any adjournment of it.

To be valid any proxy form or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) or at the electronic address provided in the form of the proxy by our registrar, Link Asset Services, PXS1, The Registry, 34 Beckenham Road, Kent BR3 4ZF, no later than 48 hours business hours before the time for the holding of the meeting or any adjournment of it. If you are a CREST member, see note 4 below.

Completion of a form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the meeting if he/she wishes to do so.

Appointment of proxies through CREST

- CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**EUI**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Registrars Limited (CREST Participant ID: RA10) no later than 11.00am on 25 September 2020, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of Annual General Meeting continued

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

- In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

- Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services at The Registry, 34 Beckenham Road, Kent BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

- A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services at The Registry, 34 Beckenham Road, Kent BR3 4TU. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Link Asset Services no later than 11.00am on 25 September 2020.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

Corporate representatives

- A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

- As at 12.00pm on 2 September 2020 the Company's issued share capital comprised 582,071,380 ordinary shares of 1 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12.00pm on 2 September 2020 is 582,071,380.

The website referred to in note 2 will include information on the number of shares and voting rights and biographical details of each director who is being proposed for re-appointment or re-election by shareholders.

Company Information

Company Directory

Registered and Head Office

Dods Group plc
11th Floor, The Shard
32 London Bridge Street
London SE1 9SG

Telephone: +44 (0)207 593 5500
Fax: +44 (0) 207 593 5794

Email: information@dodsgroup.com
www.dodsgroup.com

Registered Number

04267888

Secretary and Advisers

Secretary

Fieldfisher Secretaries Limited
Riverbank House
2 Swan Lane
London EC4R 3TT

Registrar

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Nomad and Broker

Canaccord Genuity
88 Wood Street
London EC2V 7QR

Bankers

Barclays
1 Churchill Place
Canary Wharf
London E14 5HP

Legal Advisers

Reynolds Porter Chamberlain LLP
Tower Bridge House
St Katharine's Way
London E1W 1AA

Company Registrar

You can contact Link's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone – +44(0)371 664 0300 calls are charged at the standard geographic rate and will vary by provider.

We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

By email – enquiries@linkgroup.co.uk

By post – Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Signal Shares is a secure online site where you can manage your shareholding quickly and easily. All you need is your investor code, which can be found on your share certificate. www.signalshares.com.

Company Information continued

Dods Group plc is a public limited company registered in England No. 04267888. Its Ordinary shares are listed on the Alternative Investment Market (AIM) (ticker DODS.L).

Dods Group plc is the parent company of the Dods Group of companies. Unless otherwise stated, the text in this Annual Report does not distinguish between the activities and operations of the parent company and those of its subsidiary undertakings.

This is the Annual Report of Dods Group plc for the year ended 31 March 2020 and complies with UK legislation and regulations. It is also available on the Company's website: www.dodsgroup.com.

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Cautionary Statement

The purpose of this Annual Report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.



DODS GROUP PLC