

LEGAL  
SERVICES

SECTOR  
INSIGHTS



FEBRUARY 2026



COOPER PARRY  
CORPORATE FINANCE

REACH

# SECTOR INSIGHTS & DRIVERS

## CP DEALS PARTNERS WITH LEADING LEGAL SERVICES BUSINESSES TO UNLOCK AND MAXIMISE VALUE

The UK legal services market is undergoing structural change as clients demand faster, more transparent and better-value legal advice. Firms are increasingly moving away from traditional, labour-intensive delivery models towards technology-enabled, process-driven platforms.

At the same time, **rising regulatory complexity and sustained talent shortages** are **increasing cost pressure** across the sector, favouring scaled operators with strong compliance frameworks, modern systems and a compelling employee value proposition. These dynamics are supporting **growing M&A activity**, particularly from private-equity-backed platforms and consolidators seeking to build national, multi-disciplinary legal services groups.

### Sector Drivers

#### Automation & AI Adoption

Law firms are increasingly deploying AI for document review, due diligence, contract analysis and workflow automation, improving margin resilience and enabling scalable delivery models.

#### War for Talent

Persistent shortages of experienced fee-earners and rising associate costs are driving firms to rethink leverage models, invest in technology, and differentiate through culture and flexible working.

#### Rising Cost of Compliance & Regulation

Expanding regulatory obligations (AML, KYC, data protection, professional standards) are increasing fixed costs, favouring larger, better-capitalised platforms with robust compliance infrastructure.

#### Highly Fragmented Market Structure

The UK legal services market remains dominated by small and mid-sized practices, creating significant consolidation opportunities for scale platforms, PE-backed roll-ups and strategic acquirers.

#### Client Demand for Value, Transparency & Speed

Corporate and private clients increasingly expect predictable pricing, faster turnaround and commercial outcomes, accelerating the shift away from traditional hourly billing models.

### Company Value Drivers



Client Diversification & Stickiness



Recurring / Repeat Revenue Base



People Proposition & Retention



Tech-enabled Delivery Model

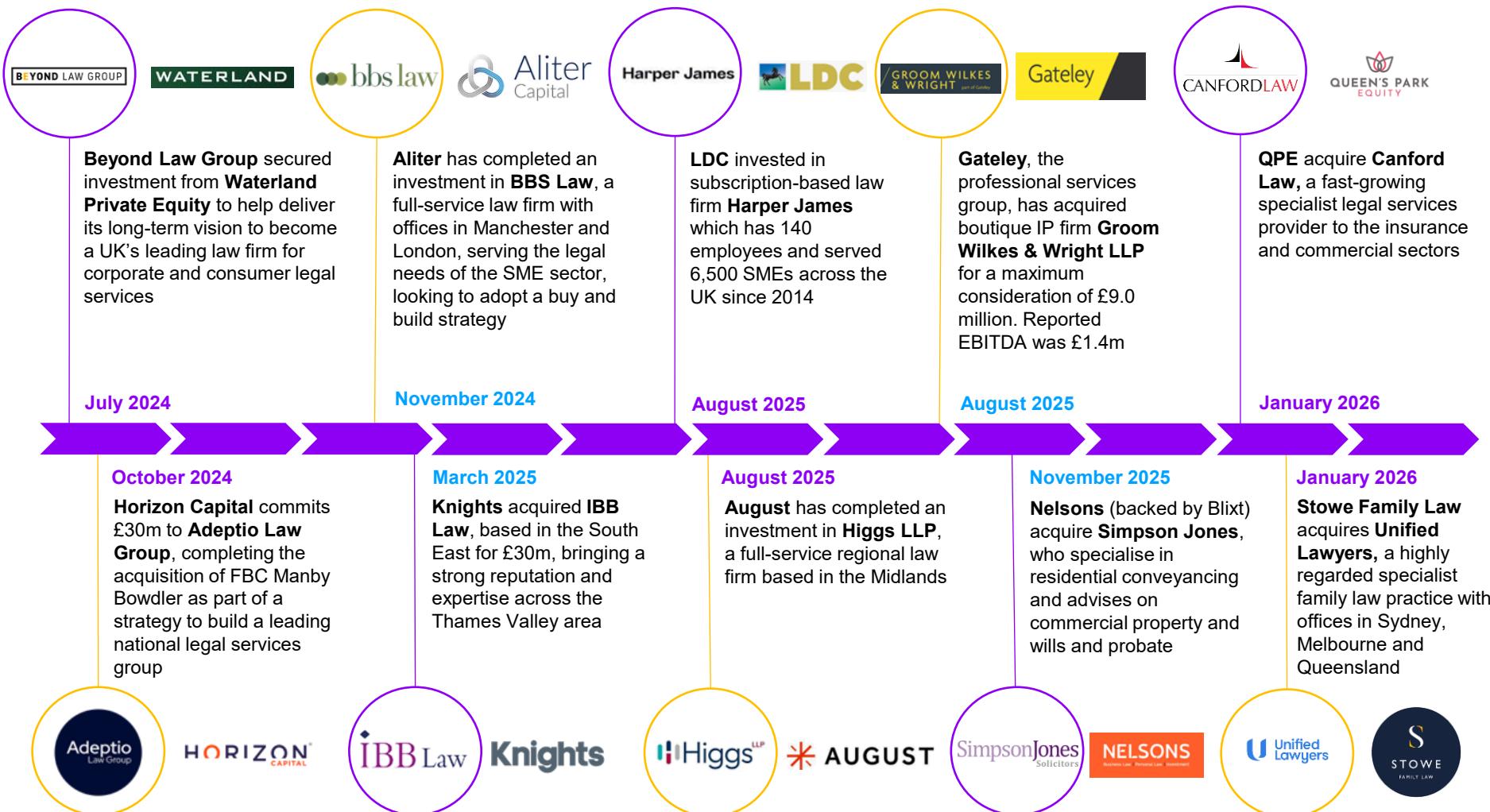


Scalable Operating Model

# SELECTED PRECEDENT TRANSACTIONS

CP

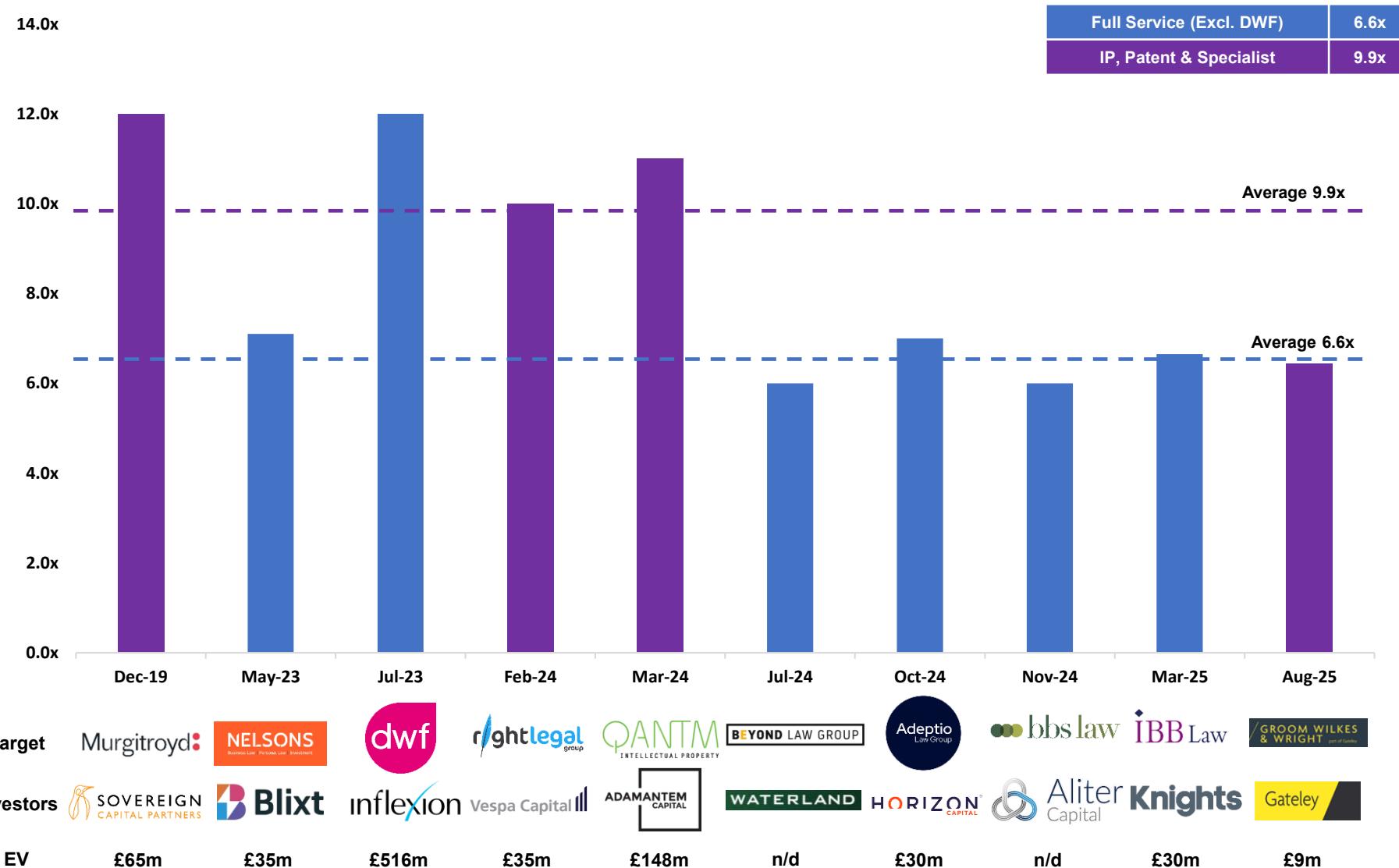
## SNAPSHOT OF RECENT ACTIVITY IN THE LEGAL SERVICES SPACE



# MULTIPLES IN THE SPACE

## LEGAL SERVICES COMPANIES EV/EBITDA MULTIPLES

CP



DWF excluded from average due to size and global presence  
Source: S&P Capital IQ, Mergermarket

# VALUATION CONSIDERATIONS

## KEY OPERATIONAL & STRATEGIC DRIVERS THAT CAN MATERIALLY INFLUENCE VALUATIONS

### Transaction Considerations

#### Route to Market

##### Lower Multiple

Heavy dependence on a small number of senior partners for business development and revenue generation



##### Higher Multiple

Distinctive brand proposition reinforced by a collaborative, firm-wide culture

#### Talent Acquisition & Retention

Senior talent attrition to competitors, weakening institutional knowledge. Limited headcount growth coupled with high staff turnover



Proven ability to attract and retain high-quality, senior talent and low regretted churn per annum

#### Client service & Cross-sell

Volatile client base with high churn, limited cross-service engagement, and weak data insights



Loyal SME client base with minimal churn and recurring/re-occurring billings year-on-year

#### Pricing & Utilisation

Static day rates with margin erosion with cost pressures



Growth in chargeable fee structure and innovative pricing models, such as subscription

Poor recovery and utilisation

Strong utilisation and recovery

#### Working Capital & Revenue

High WIP lockup, high concentration in service lines such as PI/ Clinical Negligence



Diversified revenues, strong cash conversion, efficient, automated billing function

#### Tech Stack & PMS

Principally manual based reporting and workflows with limited tech-led automation



Invested in an integrated technology infrastructure

#### Systems & Data

Disjointed systems and data a lack of granular data



Well-structured, centralised support functions leveraging integrated data systems to drive efficiency and strategic decision-making

#### M&A Track Record

No previous M&A experience and no thought into M&A strategy/ target pipeline



History of successful acquisitions or a structured thought process around potential strategic acquisitions

# FRS 102 – REVENUE RECOGNITION CHANGES



## INTRODUCING A NEW FIVE-STEP REVENUE RECOGNITION MODEL FOR CONSISTENCY & TRANSPARENCY

### 1. WHAT'S REALLY CHANGED?

Revenue is about control, not just billing

- Revenue is no longer recognised when risks and rewards pass. Instead, it's recognised when control of the service transfers to the client.
- For professional services, that means focusing on when revenue is earned under the contract terms, including termination clauses, rather than when invoices are raised.

### 2. WELCOME TO THE FIVE-STEP MODEL

Every contract now needs to be assessed using the same five steps:

- Identify the contract
- Identify the performance obligations
- Determine the transaction price
- Allocate the price to each obligation
- Recognise revenue as (or when) obligations are satisfied

Simple in theory. Less so when you're dealing with phased matters, retainers, success fees and variable pricing.

### 3. CONTINGENT AND SUCCESS FEES MAY HIT EARLIER

Contingent fees don't always wait for the final outcome anymore. Where recovery is highly probable and reliably measurable, revenue should be recognised earlier under the new FRS 102 rules. That's a potential shift for firms used to recognising fees only once matters conclude.

### 4. WIP AS YOU KNOW IT IS GONE

Traditional Work in Progress is out. In comes:

- Contract Assets** (earned but not yet billed), and
- Contract Liabilities** (billed or received before work is delivered)

While the underlying position is largely unchanged, the new labels may alter how balances are presented and perceived.

### 5. AGENT VS PRINCIPAL MATTERS MORE THAN EVER

Disbursements, referrals, third-party costs. All now face greater scrutiny.

Are you acting as agent, or principal? The answer directly affects gross vs net revenue, so getting this wrong can distort reported turnover.

### WHAT SHOULD PROFESSIONAL SERVICES FIRMS BE DOING NOW?

If you haven't already started, now's the time. At a minimum, firms should:

- Review engagement letters. Are deliverables, pricing and termination clauses clear enough to stand up under the five-step model?
- Sense-check systems and processes. Can you track performance obligations, variable consideration and contract assets properly?
- Choose the right transition approach. Full retrospective or cumulative catch-up? Each has pros, cons and reporting implications.
- Upskill your people. Finance teams, partners and fee earners all need a working understanding of the new rules.
- Get ahead of stakeholder conversations. Lenders, investors and regulators won't want surprises.

# CREDENTIALS – LEAD ADVISORY

OUR RECENT EXPERIENCE ADVISING LEADING TECHNOLOGY BUSINESSES

**NELSONS**  
Business Law | Personal Law | Investment

**Lawfront**



COMPANY NAME  
**NELSONS**

DEAL TYPE  
**COMPANY SALE**

COUNTRY  
**UNITED KINGDOM**

INVESTOR  
**LAWFRONT/ Blixt  
Group**

INVESTOR COUNTRY  
**UNITED KINGDOM**

SECTORS  
**PROFESSIONAL SERVICES**  
**FULL-SERVICE LAW FIRM**

COMPANY NAME  
**SIMPLY  
CONVEYANCING**

DEAL TYPE  
**COMPANY SALE**

COUNTRY  
**UNITED KINGDOM**

INVESTOR  
**LIVINGBRIDGE**

INVESTOR COUNTRY  
**UNITED KINGDOM**

SECTORS  
**PROFESSIONAL SERVICES**  
**CONVEYANCING**

**ROSS**  
Trustees

**LDC** The LDC logo features the letters "LDC" in a bold, black, sans-serif font next to a stylized black silhouette of a horse.

COMPANY NAME  
**ROSS TRUSTEES**

DEAL TYPE  
**MBO**

COUNTRY  
**UNITED KINGDOM**

INVESTOR  
**LDC**

INVESTOR COUNTRY  
**UNITED KINGDOM**

SECTORS  
**PROFESSIONAL SERVICES**  
**GOVERNANCE & TRUSTEE SERVICES**

# COOPER PARRY CORPORATE FINANCE

## TRUSTED ADVISORS TO PROFESSIONAL SERVICES BUSINESSES

- Award winning **M&A advisers** to mid-market business owners, corporates & Private Equity investors
- Cooper Parry are a **long-established full service** financial advisory (CF, audit, tax, wealth) and **PE-backed business**
- Our M&A deals fall into range **£10m-£100m EV**
- **Team of 120 in Cooper Parry Deals** working nationally on transactions – lead advisory, transaction services, transaction tax, management advisory, debt advisory and legal
- Sector focus across **Business Services, Technology, Healthcare & Industrials**
- **Core Professional Services focus:**
  - **Growing businesses**
  - **>£2m EBITDA (post-partner costs)**
  - **Full-service or strong in niche sectors**

glassdoor rating  
4.5 ★★★★★



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Andy leads Cooper Parry's Corporate Finance business and has 30 years' M&A experience, the majority at PwC where he was a regional partner advising on deals across multiple sectors. Andy has a strong focus on working with businesses and entrepreneurs in Professional Services.

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Jack specialises in advising owner-managed businesses on value maximisation and exit planning. He has extensive buy-side experience working with private equity investors including LDC, QPE and August Equity, giving him a strong understanding of the key drivers and risks that influence valuation. He is currently mandated on a number of Professional Services M&A transactions.

**THAT'S THE END  
BUT HOPEFULLY,  
ONLY THE START  
THANK YOU**



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