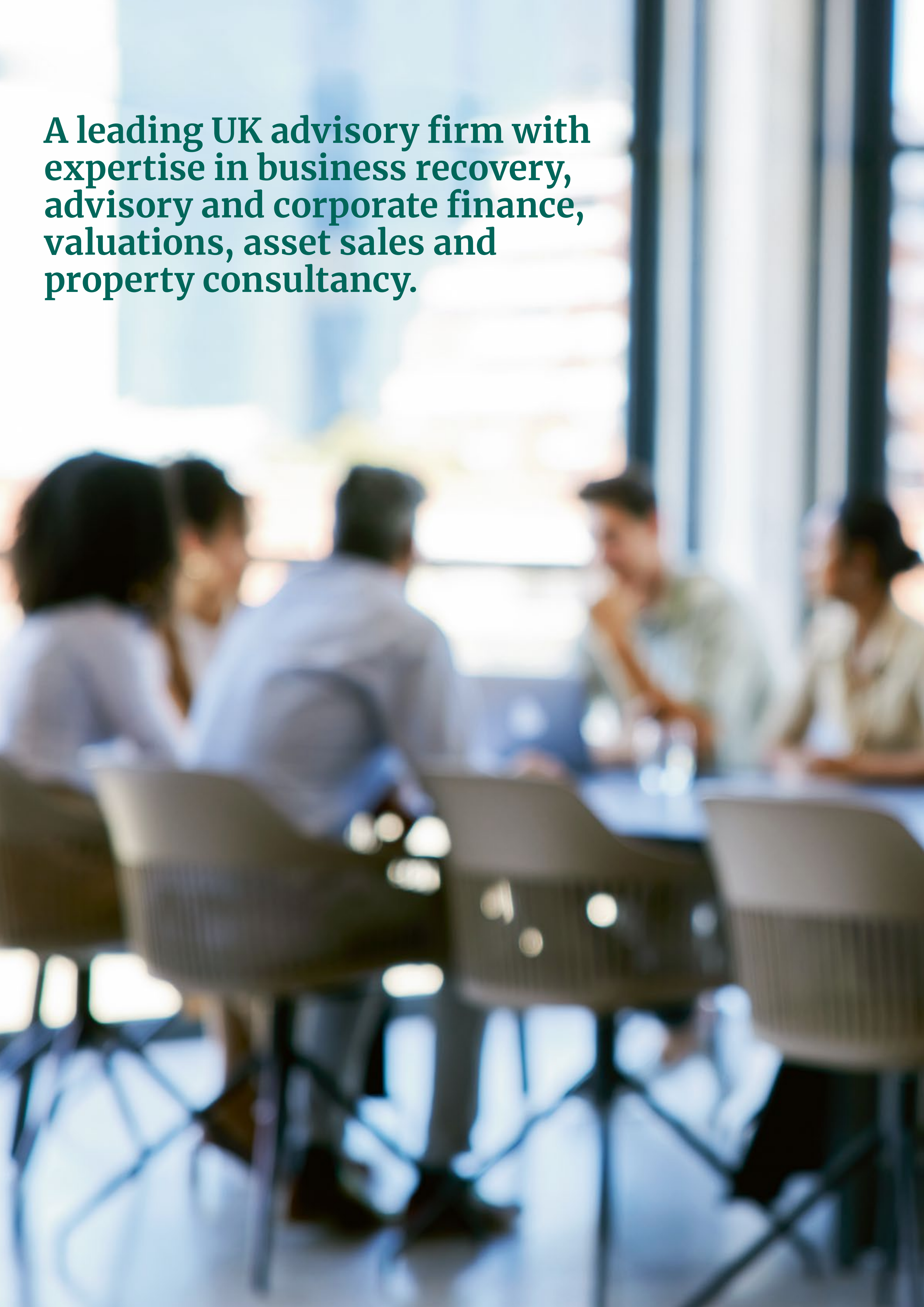
Begbies Traynor Group plc

ANNUAL REPORT AND ACCOUNTS 2024

A leading UK advisory firm with expertise in business recovery, advisory and corporate finance, valuations, asset sales and property consultancy.



Financial highlights

REVENUE

£136.7m

+12%

(2023: £121.8m)

ADJUSTED EBITDA[1]

£28.5m

+7%

(2023: £26.6m)

ADJUSTED PROFIT BEFORE TAX[2]

£22.0m

+6%

(2023: £20.7m)

PROFIT BEFORE TAX

£5.8m

(2023: £6.0m)

ADJUSTED DILUTED EPS[3]

9.9p

-2%

(2023: 10.1p)

DILUTED EPS

0.9p

(2023: 1.8p)

PROPOSED TOTAL DIVIDEND

4.0p

+5%

(2023: 3.8p)

NET DEBT[4]

£1.4m

(2023: net cash £3.0m)

1 Adjusted EBITDA is operating profit before share-based payments, depreciation, amortisation and non-underlying items arising due to acquisitions under IFRS

2 Adjusted PBT is before non-underlying items arising due to acquisitions under IFRS. Adjusted EPS excludes these items and the related tax effect. The board believe that these adjusted performance measures provide more meaningful information on the operating performance of the business

3 See reconciliation in note 10

4 Net debt (cash) includes cash and cash equivalents and borrowings but excludes IFRS 16 lease liabilities

Contents

Strategic report

Corporate governance

Financial statements

For more on who we are and what we do:

ir.begbies-traynorgroup.com

At a glance

Who we are

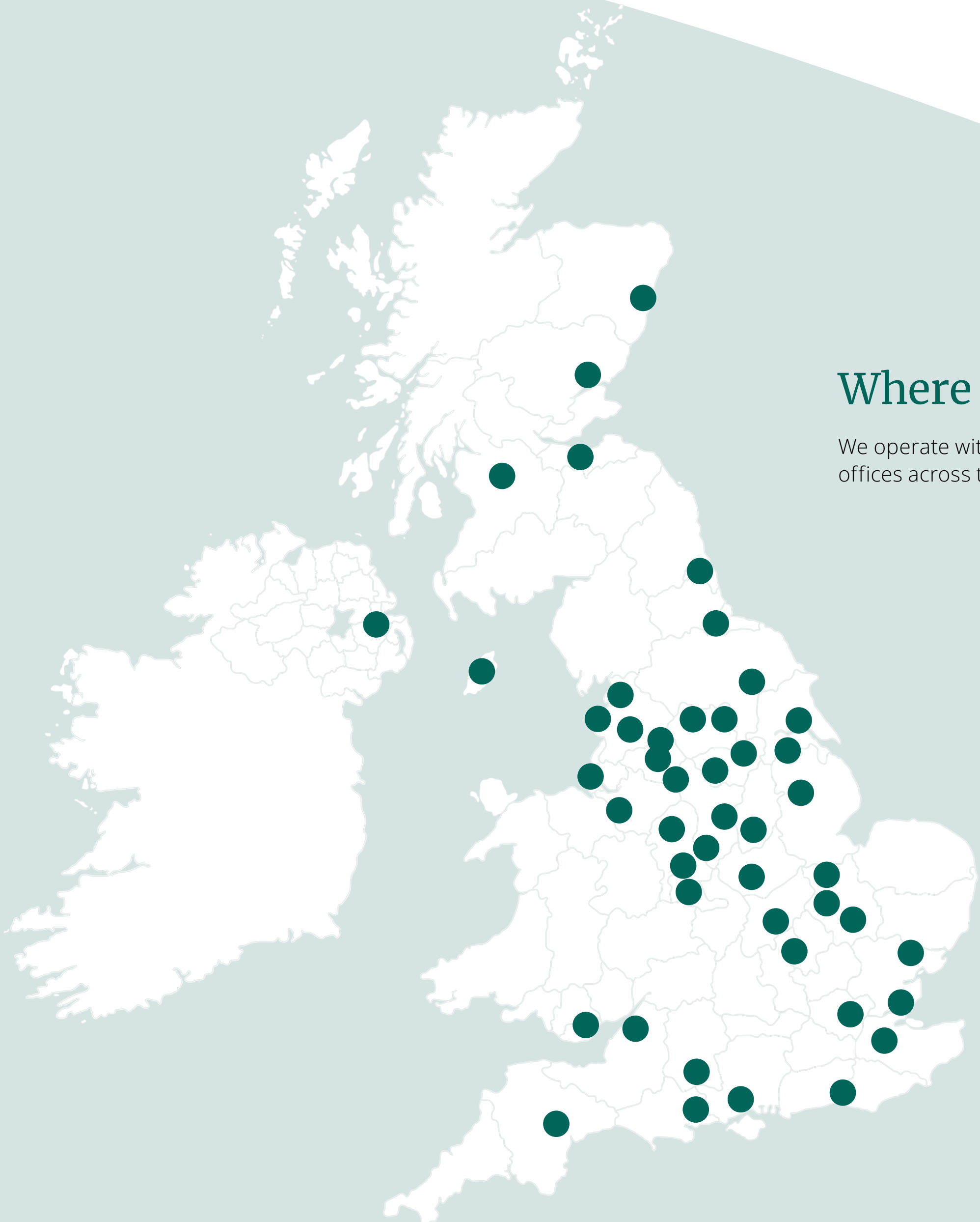
We are a leading UK advisory firm with expertise in business recovery, advisory and corporate finance, valuations, asset sales and property consultancy.

We have over 1,250 colleagues operating from 45 locations across the UK, together with four offshore offices. Our multidisciplinary professional teams include insolvency practitioners, accountants, lawyers, funding professionals and chartered surveyors.

Who we work with

We have longstanding relationships with an extensive range of clients and professional firms.

Our client base includes businesses and individuals, financial institutions, public sector bodies and the investment community.



Where we operate

We operate within local business communities from offices across the UK and selected offshore locations.

What we do

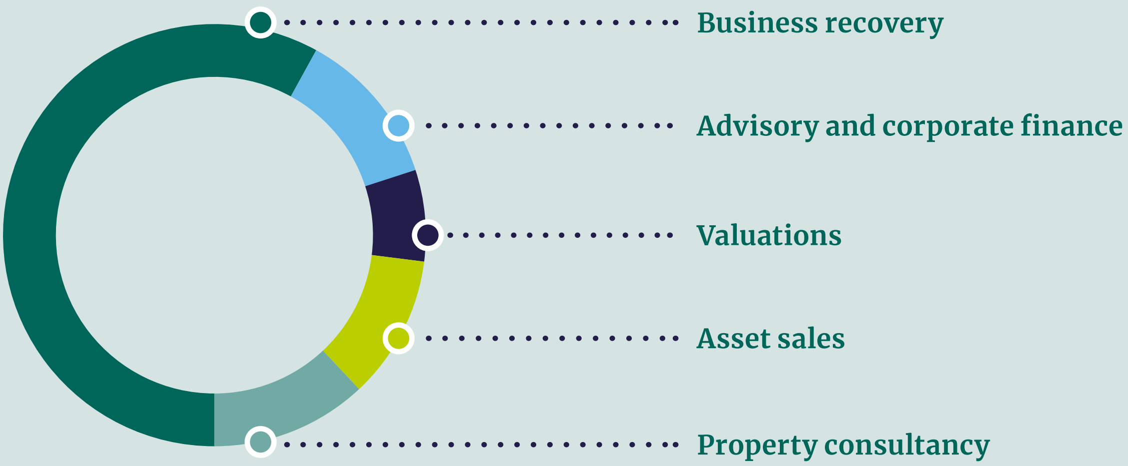
We provide advice and solutions to our clients to enhance, protect and realise the value of their businesses, assets and investments.

Business recovery and advisory		Property advisory		
Business recovery	**Advisory and corporate finance**	**Valuations**	**Asset sales**	**Property consultancy**
Corporate and personal insolvency consultancy	Debt advisory and finance broking	Property	Property auctions	Building consultancy
Business restructuring and turnaround	Corporate finance	Assets	Plant and machinery auctions	Transport planning
Contentious insolvency	Special situations M&A	Businesses	Commercial property agency	Commercial property management
Creditor services	Financial advisory	Loan security	Business sales agency	Insurance and protection

Our brands

Begbies Traynor Eddisons BTG Advisory maf finance group MANTRA Springboard Corporate Finance

Our activity mix



Why invest?

1

Strong track record
of cash-generative, profitable growth with a well-established progressive dividend policy.

2

Strongly positioned for growth

- Market-leading business recovery practice.
- Strong growth in other advisory services in fragmented markets.
- Diversified income streams provide growth opportunities across the economic cycle.

3

High levels of repeat business
from an extensive, long-established client base and referral network.

4

Highly experienced
board and leadership team.

5

Proven growth strategy
of continued organic investment complemented by value-accretive acquisitions.

Chairman's statement

Ric Traynor
Executive chairman

Introduction

I am pleased to report on another successful year of strong financial performance, which now represents a decade of profitable growth. This has been driven by our proven growth strategy of investing in organic development and earnings enhancing M&A, resulting in a diversified and resilient business. We have delivered value to shareholders across the cycle having tripled the size of the business with a six-fold increase in adjusted profit before tax since 2014.

Business recovery had a further successful year, in which the practice continued to grow and we reported increased activity levels across all case sizes. It remains the group's largest service line (c.60% of group revenue) and retains its leadership position in the UK market. We are ranked number one by overall volume of corporate appointments, second nationally for administrations, have added capacity to our team and are well placed to continue delivering growth.

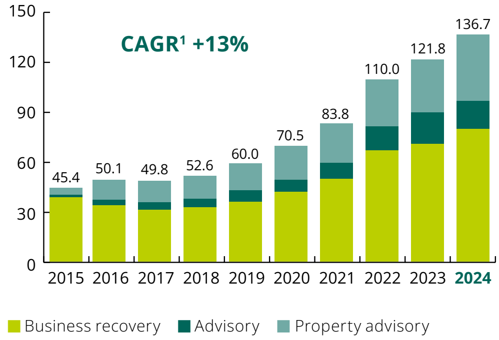
Advisory and corporate finance were impacted by reduced levels of M&A transactions across the market. However the team delivered a resilient performance over the year with activity levels supported by financing and restructuring engagements.

Property advisory reported a record performance, with strong growth and enhanced margins, driven by both acquisitions and organic growth. This has been delivered across all its core disciplines of valuations, asset sales and consultancy. Since the creation of the division with the acquisition of Eddisons in December 2014, we have significantly increased its scale, service offering and geographic presence driving annual revenue from c.£12m at inception to a current run rate of £45m. Over this ten year trading period the business has demonstrated resilience through the cycle and reported strong growth and improving profitability.

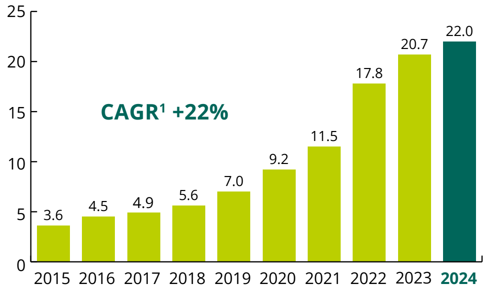
Across the group, we made good progress in the year as we continue to invest in our teams to support ongoing growth including investment in our talent development and wellbeing

"A decade of profitable growth, in which we have tripled the size of the business with a six-fold increase in adjusted profit before tax."

REVENUE (£m)



ADJUSTED PROFIT BEFORE TAX (£m)



support, our IT and programme management capability and adopting third party software applications to automate and improve processes.

We completed four profitable acquisitions in the financial year, which contributed £5m to reported revenue (or over £9m revenue on a pro-forma basis), supported by our new and enhanced borrowing facilities which were agreed during the year.

The business remains highly cash generative, with free cash flow of £12.4m, and ended the year with lower than expected net debt of £1.4m (2023: net cash of £3.0m), having paid acquisition consideration of £8.2m and funded £2.9m of employee benefit trust ('EBT') share purchases. This cash generation also enables us to propose a 5% increase in the total dividend for the year, representing our seventh consecutive year of dividend growth.

Our cash generation, combined with our recently renewed and enlarged debt facility, provides us with the flexibility to execute our strategy to continue to grow our scale and range of services both organically and through acquisition.

1 Compound annual growth rate from 2015 to 2024

Chairman's statement continued

Results

Group revenue in the year increased by 12% to £136.7m (2023: £121.8m), 6% of which was organic. Adjusted EBITDA[1] increased by 7% to £28.5m (2023: £26.6m) with margins of 20.9% (2023: 21.8%), reflecting improved margins across both business recovery and property advisory, offset by subdued M&A transactions in corporate finance and investment to support ongoing growth. Adjusted profit before tax[2] increased by 6% to £22.0m (2023: £20.7m). Statutory profit before tax was £5.8m (2023: £6.0m).

Adjusted diluted earnings per share[2] decreased to 9.9p (2023: 10.1p), following the increased UK corporation tax rate which impacted EPS by 0.7p per share. For comparison, on a constant tax rate EPS would have increased by 0.5p.

Net debt[3] on 30 April 2024 was £1.4m (2023 net cash: £3.0m), having paid acquisition consideration of £8.2m and funded £2.9m of EBT share purchases.

Dividend

The board is pleased to recommend (subject to shareholder approval at the company's annual general meeting scheduled for 17 September 2024) a 5% increase in the total dividend for the year to 4.0p (2023: 3.8p), representing our seventh consecutive year of dividend growth. This comprises the interim dividend already paid of 1.3p (2023: 1.2p) and a proposed final dividend of 2.7p (2023: 2.6p).

This reflects the board's confidence in the group's financial position and prospects, whilst retaining capacity for our continued organic and acquisitive growth strategy. We remain committed to our long-term progressive dividend policy, which takes account of the group's earnings growth, our investment plans and cash requirements, together with the market outlook.

The final dividend will be paid on 6 November 2024 to shareholders on the register on 11 October 2024, with an ex-dividend date of 10 October 2024.

Strategy

We have a proven growth strategy which we have executed successfully since 2014. We believe this strategy will continue to enhance shareholder value through the delivery of strong, sustainable financial performance, building on our progress in recent years.

Organic growth will be targeted through:

- retention and development of our existing partners and employees;
- recruitment of new talent;
- enhanced cross-selling of our service lines and expertise to our wider client base; and
- investment in technology and processes to enhance working practices and improve the service to our clients.

Our acquisition strategy is to target earnings-accretive acquisitions in the following market segments:

- existing service lines to enhance market share, expertise and geographical coverage; and
- complementary professional services to continue the development of the group and its service offering.

Overall, we believe there are attractive opportunities for the group to grow and consolidate in its chosen markets, which remain fragmented and offer attractive financial returns.

People

The continuing success of the group is reliant on the hard work and dedication of our colleagues. Since 2014, we have increased our number of colleagues from 440 to over 1,250, through successfully integrating acquisitions and recruiting high-quality professionals. This approach has enhanced our entrepreneurial culture and delivered material growth. This is evidenced by the quality of advice and service we consistently deliver to our clients and our high levels of colleague retention.

I would like to thank all of our colleagues for their significant contribution to the group and at the same time welcome all those who have joined the group over the last twelve months.

1 Adjusted EBITDA is operating profit before share-based payments, depreciation, amortisation and non-underlying items arising due to acquisitions under IFRS

2 Adjusted PBT is before non-underlying items arising due to acquisitions under IFRS. Adjusted EPS excludes these items and the related tax effect. The board believe that these adjusted performance measures provide more meaningful information on the operating performance of the business

3 Net debt (cash) includes cash and cash equivalents and borrowings but excludes IFRS 16 lease liabilities

Sustainability

The board is committed to developing the group in a sustainable way for the benefit of all our stakeholders.

We aim to have a positive impact for our colleagues and the communities we serve; to operate with a culture of strong governance and responsible behaviour; and to minimise our impact on the environment.

During the year under review, we have continued to develop the support we offer to colleagues with the introduction of a health and wellbeing support service which includes access to online GP consultations, mental health support and fitness and nutrition advice. We also enhanced our benefits package, to give colleagues more flexibility to select benefits relevant to them focused on health, wealth and other self-benefits to help strike the right work/life balance.

We have continued to make good progress in other areas to reduce our overall environmental impact including the ongoing transition of our company car fleet to ultra-low emission vehicles, migrating energy supplies to renewable tariffs and making changes to our IT estate to reduce energy consumption.

Further information on our sustainability policies and progress is detailed in the sustainability section of the report on page 21.

Outlook

We have started the new year confident of a further year of growth, in line with market expectations. Activity levels in all our service lines are encouraging with positive momentum across the group and we anticipate maintaining organic growth in the new financial year at similar levels. Our renewed and enlarged debt facility also provides flexibility to continue to grow the scale and range of services we offer.

Insolvency activity across the UK remains at elevated levels, with sustained higher interest rates continuing to impact on corporate stress levels. With our extensive national coverage and reputation, we are well placed to provide the advice and support required by the business community. This elevated level of insolvency activity is expected to be maintained going into 2025 as the economy recovers, especially in sectors with working capital and other funding challenges in an economy moving from the recovery to growth phase.

Our advisory and corporate finance teams are expected to improve performance over the course of the new financial year, driven by an encouraging pipeline of M&A instructions and an anticipated recovery in M&A activity later in the year. We anticipate continuing positive activity levels in debt advisory and funding, carrying good momentum over from the last year.

Property advisory is also well placed to build on its recent strong track record across all core disciplines of valuations, asset sales and consultancy, with good prospects for further acquisitive and organic development to enhance its market position in a fragmented market.

Overall, our broad range of services, diversified client base, organic growth initiatives and pipeline of acquisition opportunities, leaves us confident of continuing our track record of growth. We will provide an update on trading at the annual general meeting in September 2024.

Ric Traynor
Executive chairman
8 July 2024

Business model

Our multidisciplinary professional teams provide advice and transactional support to our clients across our specialisms of business recovery, advisory and corporate finance, valuations, asset sales and property consultancy.

We operate within local business communities from offices across the UK and selected offshore locations.

Our complementary advisory services

Business recovery
Our national team of insolvency practitioners and restructuring professionals advise clients in challenging situations. We aim to protect and realise value through both formal insolvency processes and business restructuring. We have a specialist team with expertise in contentious insolvency who conduct investigations, trace potential assets and where possible identify and bring claims to enhance returns for creditors. Our dedicated creditor services team act on behalf of their clients to maximise their debt recoveries.

Advisory and corporate finance
Our dedicated team of accountants and finance professionals provide business and funding advisory as well as corporate finance advice to our client base of financial institutions, investors and businesses. The corporate finance team act on M&A and fund raising engagements, together with accelerated M&A in special situations where clients are facing business critical issues. The debt advisory and finance broking team arrange finance for businesses and asset owners. In addition, our financial advisory team provide lender advisory, due diligence, pensions advisory and forensic services to our ever broadening range of clients.

Valuations
Our specialist team value property, businesses and assets for secured lending, corporate reporting and commercial transactions. Our clients include financial institutions, businesses, asset owners and insolvency practitioners.

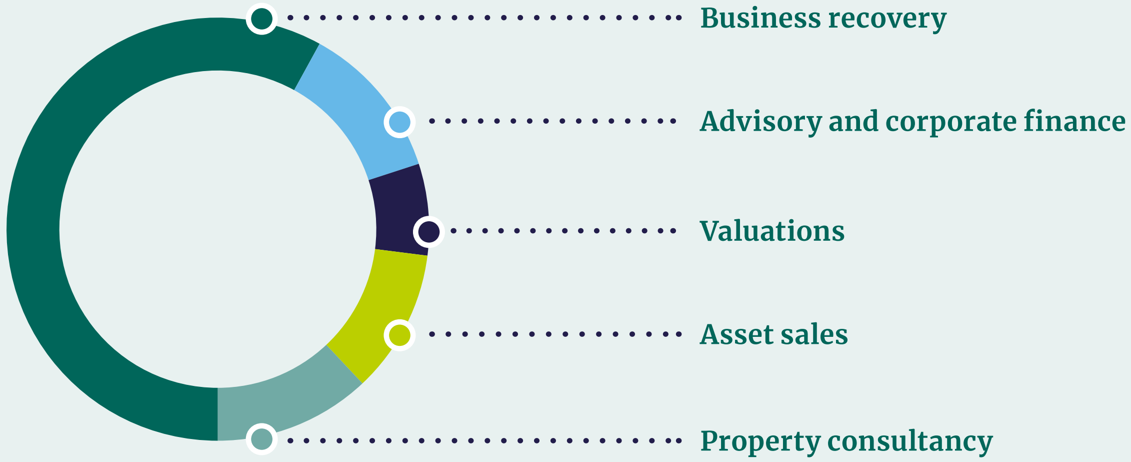
Asset sales
We assist our clients in realising the value of their property, businesses or plant and machinery assets. We achieve best value for our clients through our extensive routes to market of online auctions, commercial property agency, business sales agency, marketed and tendered sales. Our client base includes investors, business owners, public sector bodies, commercial businesses and insolvency practitioners.

Property consultancy
Our team of chartered surveyors provide a range of consultancy services for both property owners and occupiers across private and public sector organisations. We have expertise in project management, building consultancy, transport planning and property management. We also advise our clients on protecting their business and assets through insurance and vacant property risk management.

How we are remunerated

Formal insolvency appointments
Fees are typically based on hours worked, fixed fees or a percentage of asset realisations. The fee basis is approved by creditors and fees are paid from asset realisations.

Other engagements
Fees are charged on a project specific basis and will typically be determined by hours spent, a fixed fee or on a contingent success fee based on the transaction.



Our key strengths

People
- Highly experienced and qualified professionals
- Detailed market knowledge
- Entrepreneurial approach

Clients and relationships
- Diverse client base
- Enduring relationships
- Trusted brands and reputation

Know-how
- Creative, problem-solving expertise
- Established business practices
- Specialist services with barriers to entry

Financial
- Strong financial position
- Resilient financial performance across the economic cycle
- Strong operating margins

Our culture and values

Values
- Trusted advisor to our clients
- Act with integrity
- Take pride in our advice and solutions provided to clients

Governance
- Board oversight
- Highly experienced leadership team in executive and senior management positions

Risk management
- Established business and risk management processes
- Dedicated compliance functions
- Business diversification to reduce exposure to one activity or changes in the business cycle

Our value for stakeholders

People
Provide an environment in which our people:
- are valued and enjoy working for the group
- can develop their talents and fulfil their potential
- share in corporate success

Clients
Optimise value for clients through providing:
- high-quality service
- competitive and cost-effective charging structure
- innovative and entrepreneurial advice and solutions

Shareholders
Sustainable increase in shareholder value through:
- growing earnings per share
- paying dividends
- delivering share price appreciation

Strategy and objectives

Delivering value through growth.

Our strategy

The board believes the execution of this strategy will enhance shareholder value through the delivery of strong and sustainable financial performance.

Organic growth strategy

Organic growth will be targeted through:

- retention and development of our existing partners and employees;
- recruitment of new talent;
- enhanced cross-selling of our service lines and expertise to our wider client base; and
- investment in technology and processes to enhance working practices and improve the service to our clients.

Acquisition strategy

Our acquisition strategy is to target earnings-accretive acquisitions in either:

- existing service lines to enhance expertise or geographical coverage; and
- complementary professional services businesses to continue the development of the group and its service offerings.

Our vision

To be recognised as leaders in our chosen professional services, giving outstanding advice and transactional support to our clients.

Our strategic objectives

1 Increase scale and quality

Increase the scale and quality of our businesses both organically and by acquisition

2 Shareholder value

Deliver sustainable profitable growth, enabling increased shareholder value

3 Effective capital structure

Maintain our strong financial position, enabling the investment in and development of the group and our people

4 Strong corporate governance

Continue to ensure high standards of corporate governance and responsibility

Acquiring for growth

The group has a well-defined process for the identification, valuation, acquisition and integration of target businesses.

Our acquisition process

Target identification

The group maintains a pipeline of acquisition opportunities through both internally managed search exercises and responding to external sales processes.

We target earnings-accretive acquisitions in either:

- existing service lines to enhance expertise or geographical coverage; and
- complementary professional services businesses to continue the development of the group and its service offerings.

Valuation and pricing strategy

The group has a standard process for assessing the value of a target business.

We typically require an appropriate ongoing commitment to the business from vendors.

Opportunities that do not meet the pricing, valuation and commercial parameters are quickly rejected.

Effective transaction process

The group has an established legal and financial due diligence process which combines in-house and external operational and commercial due diligence and integration planning.

This enables the group to complete transactions in an effective, cost-efficient and timely manner.

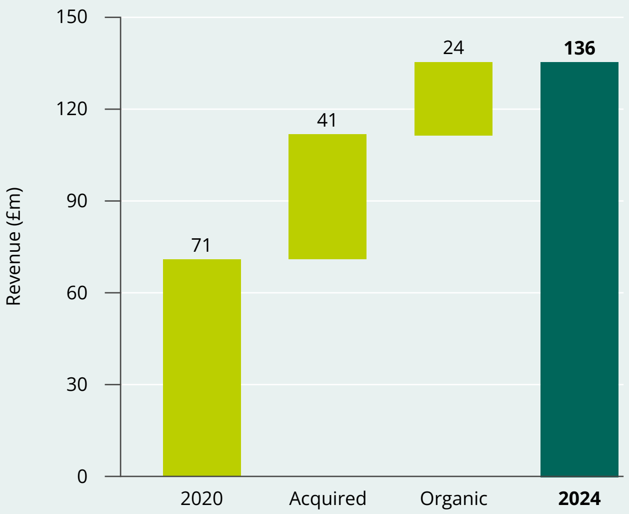
Integration and value delivery

There is a clear post-acquisition integration strategy and plan to ensure shareholder value is delivered.

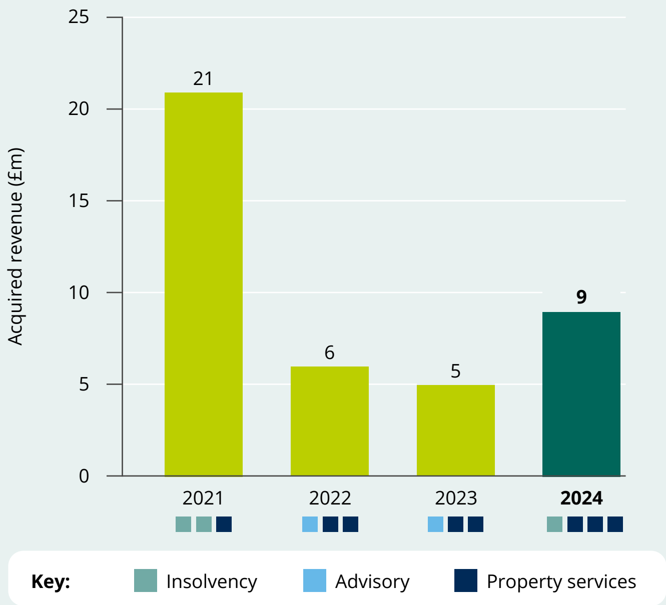
The integration model is based on:

- clear communication to key stakeholders;
- integration of support services;
- alignment of processes; and
- brand alignment where appropriate.

Revenue growth



Revenue by year of acquisition



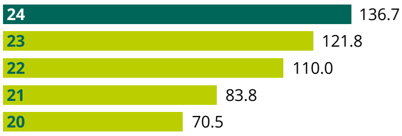
Our key performance indicators

The board uses the following KPIs to manage the performance of the business and progress against our strategic objectives.

REVENUE (£m)

£136.7m

(2023: £121.8m)



The measure

Revenue generated from operating activities in the financial year.

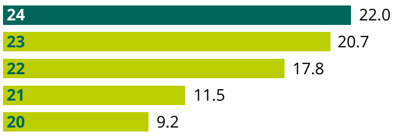
The target

To increase revenue by expanding the scale and quality of our operating businesses both organically and through strategic acquisitions.

ADJUSTED PROFIT BEFORE TAX (£m)

£22.0m

(2023: £20.7m)



The measure

Profit before tax generated by the business in the year, adjusted to exclude items which arise due to acquisitions, which are charged to the income statement under IFRS 3 and are not influenced by the day-to-day operations of the group.

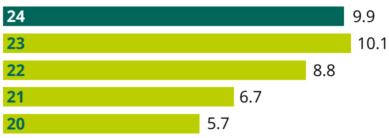
The target

To deliver sustainable growth in adjusted profit before tax.

ADJUSTED DILUTED EPS (p)

9.9p

(2023: 10.1p)



The measure

Adjusted diluted EPS is calculated by dividing adjusted profits by the weighted average diluted number of shares in issue.

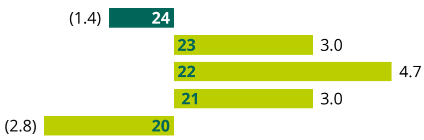
The target

To deliver growth in EPS to increase shareholder value.

NET CASH (DEBT) (£m)

£(1.4)m

(2023: net cash £3.0m)



The measure

Cash net of borrowings (excluding lease liabilities).

The target

To maintain a strong financial position with sufficient capacity in our capital structure to enable continuing investment in the business with the ability to act swiftly when opportunities arise.

More information:
Commentary on financial performance on these KPIs and other financial information is included in the finance review on pages 16 to 19.

Operating review

Ric Traynor
Executive chairman

Business recovery and advisory

REVENUE (£m)

£96.4m
(2023: £89.7m)

24	96.4
23	89.7
22	81.4

SEGMENTAL PROFITS (£m)

£25.5m
(2023: £24.3m)

24	25.5
23	24.3
22	21.0

Financial summary

Revenue increased by 7% (6% organic) to £96.4m (2023: £89.7m), reflecting increased levels of business recovery activity. Revenue from business recovery increased by 13% to £79.5m (2023: £70.6m) with advisory activities reducing to £16.9m (2023: £19.1m), reflecting a strong comparative period (which benefitted from a number of contingent fees) and a reduction in M&A advisory work.

Operating costs increased by £5.7m to £71.1m (2023: £65.4m), principally due to an increased team size following recruitment combined with operating cost increases (principally salaries).

Segmental profits[1] increased by 5% to £25.5m (2023: £24.3m). Divisional operating margins reduced slightly overall to 26.5% (2023: 27.1%), with improved business recovery margins offset by lower margins from advisory (compared to the strong comparative noted above and due to a quieter M&A market).

Insolvency market

Corporate insolvencies[2] nationally increased by 12% to 25,391 (2023: 22,633). This is due to both liquidations which, as reported in the prior two years, have exceeded pre-pandemic levels, together with administrations (typically larger cases), which are now approaching pre-pandemic levels but remain significantly below previous peaks. In this increasing market, we have maintained our market-leading positions (by volume of appointments), being ranked first nationally for overall corporate appointments and second nationally in administrations.

The level of corporate distress remains at high levels. The most recent Begbies Traynor "Red Flag Alert" report published in April 2024, showed a 20% increase in companies in 'critical' financial distress, notably in the construction, real estate, financial services and support services sectors. In addition, Allianz Trade have forecast a further 10% increase in UK insolvencies in calendar year 2024 to end the year 43% above pre-pandemic levels[3] and remaining at elevated levels in 2025.

1 See note 4

2 Source: The Insolvency Service monthly statistics on the number of corporate insolvencies in England and Wales on a seasonally adjusted basis for 12 months to 30 April

3 Source: Allianz economic research 11 March 2024

Operating review continued

Business recovery and advisory continued

Operating review

Business recovery

Higher levels of insolvency activity in the year increased business recovery revenue by 13% (£8.9m) with improved margins. The insolvency order book (including both contingent and non-contingent fees) increased by 8% to £71.9m (2023: £66.7m), principally due to an increased number of contentious and investigation cases. The non-contingent element increased by 3% (£1.1m) to £36.3m (2023: £35.2m).

Activity levels increased across all case sizes including the larger mid-market cases which generate 50% of our revenue. We have added capacity to the team through recruitment and acquisition. Our business recovery team has increased to 625 from 597, which includes the team of four who joined following the acquisition of Jones Giles & Clay in Cardiff.

Notable insolvency cases worked on in the year included the ongoing administrations of Worcester Rugby Club and Paperchase and the receivership of the Britishvolt EV battery site in Northumberland, together with new administration appointments of Readie Construction, Breathe EV, Fortress Capital and Thought Fashion. There has been ongoing momentum with new administration appointments since the year end.

We have successfully increased our income from internet-led direct marketing activities, bolstering our leadership of the liquidation market. We have also continued to identify opportunities to use technology and systems to improve operational processes and efficiency.

Advisory

Our dedicated team provide financial advisory and corporate finance advice. The debt advisory and finance broking team arrange finance for businesses and asset owners. In addition, our team provide lender advisory, due diligence, pensions advisory and forensic services. The corporate finance team act on M&A and fund raising engagements, together with accelerated M&A in special situations where clients are facing business critical issues.

The team delivered a resilient and profitable performance in the year despite reduced revenue, with advice provided on refinancing and restructuring engagements mitigating the previously reported reduction in M&A transactions. We have continued to seek organic growth opportunities for our advisory services, which are well-positioned to deliver growth in the new financial year.

People

The number of people employed in the division has increased to 732 on 30 April 2024 from 694 at the start of the financial year.

Property advisory

REVENUE (£m)

£40.3m

(2023: £32.1m)

SEGMENTAL PROFITS (£m)

£7.6m

(2023: £5.5m)

Financial summary

Revenue increased by 26% (7% organic) to a record £40.3m (2023: £32.1m), reflecting acquisitions (first-time contribution from current year and full year impact of prior year transactions) and organic growth (including additional consultancy fees of £0.5m, the timing of which benefitted revenue and margins in the year).

Operating costs increased to £32.7m (2023: £26.7m), as a result of costs associated with acquired businesses and operating cost increases (principally salaries). However, these costs reduced as a percentage of revenue, which resulted in improved operating margins of 18.9% (2023: 17.1%).

Segmental profits[1] increased by 38% to £7.6m (2023: £5.5m).

Property market

Since the creation of the division in 2014, from the acquisition of a Yorkshire-based multidisciplinary property consultancy, we have successfully expanded both the geographical coverage and range of services to establish a well-regarded mid-tier national firm, retaining and operating under the Eddisons brand. We believe the property advisory market remains fragmented with significant opportunities for the group to continue to develop its market position and further increase its scale, service offering and geographic presence.

1 See note 4

Operating review

Asset sales

We assist our clients in realising the value of their property, businesses or plant and machinery assets. We have extensive routes to market of online auctions, commercial property and business sales agency, and marketed and tendered sales.

Activity levels increased significantly in the year with revenue growth of over 30%, principally resulting from ongoing investment into the auction business. In December 2023 we acquired SDL Property Auctions, which followed the acquisition of Mark Jenkinson & Son in the prior financial year.

We now have a leading national auction business with pro-forma income of c.£10m, selling property, plant and machinery with over 250 lots per month. The integration project is proceeding well with a targeted launch of the fully integrated Eddisons auctions business later in the new financial year.

Our agency teams (selling commercial property and small businesses) reported a resilient performance in a challenging market, reflecting the strength of our local teams and sector focus on industrial and commercial property and trading businesses.

In May 2023 we acquired Banks Long & Co, a general practice based in Lincoln, with a strong agency team. This has strengthened our regional presence across Eastern England and South Yorkshire.

The team are now ranked as a top five agent in 2024 by volume (Source: Estates Gazette Commercial Property Top Agents in England website).

Property consultancy

Our team provide a range of consultancy services for both property owners and occupiers. We have expertise in project management, building consultancy, transport planning and commercial property management. We also advise our clients on protecting their assets through insurance and vacant property risk management.

The team had another positive year, reporting revenue growth of over 20%. This included £0.5m of fees in relation to the completion of long-running engagements, the timing of which benefitted margins in the year. We have continued to develop our consultancy services, notably to our key clients in the education sector. We have broadened our expertise through the recruitment of a head of sustainability and decarbonisation to provide advice on carbon reduction and environmental best practice to our clients, which is an area where our clients increasingly require support and advice. The team also benefitted from the addition of the Banks Long building surveying team following its acquisition (as noted above).

We have invested in our systems and processes, notably through the implementation of an MS Dynamics CRM solution, to ensure our underlying business processes are supporting and enabling continuing growth. In addition, we have upgraded our property management operating system.

Valuations

Our specialist team value property, businesses and assets for secured lending, corporate reporting and commercial transactions. We have continued to develop the business in the year through a combination of both acquisition and organic investment, delivering a 10% increase in revenue.

In November 2023 we acquired Andrew Forbes, a specialist valuations practice in Bristol, which extended our valuations expertise into the South West region. The business has successfully integrated into our national team and we expect it will benefit from enhanced panel exposure as a part of our much larger enterprise which enjoys broader relationships.

Organic activity levels were robust in the year reflecting the resilient nature of the business and our strong panel relationships with secured lenders. In February 2024 we signed a partnership deal with a leading proptech firm to implement a new platform to increase levels of automation in producing our valuation reports. We anticipate this will improve the quality of our reports and increase the level of efficiency for our professional teams.

People

The number of people employed in the division has increased to 442 on 30 April 2024 from 338 at the start of the financial year, principally reflecting the acquisitions.

Finance review

Nick Taylor
Group finance director

Financial summary

	2024 £m	2023 £m
Revenue	**136.7**	121.8
Adjusted EBITDA	**28.5**	26.6
Share-based payments	**(0.6)**	(1.3)
Depreciation	**(4.0)**	(3.5)
Operating profit (before non-underlying items)	**23.9**	21.8
Finance costs	**(1.9)**	(1.1)
Adjusted profit before tax	**22.0**	20.7
Non-underlying items	**(16.2)**	(14.7)
Profit before tax	**5.8**	6.0
Tax on profits on ordinary activities	**(4.3)**	(3.1)
Profit for the year	**1.5**	2.9

Operating performance

Revenue in the year increased by £14.9m to £136.7m (2023: £121.8m), an overall increase of 12% (6% organic plus 6% acquired[1]).

Adjusted EBITDA increased to £28.5m (2023: £26.6m) with margins of 20.9% (2023: 21.8%). Non-cash costs (share-based payments and depreciation) decreased to £4.6m (2023: £4.8m).

Operating performance by segment is detailed below:

	Revenue (£m)			Operating profit (£m)		
	2024	2023	Growth	**2024**	2023	Growth
Business recovery and advisory	**96.4**	89.7	7%	**25.5**	24.3	5%
Property advisory	**40.3**	32.1	26%	**7.6**	5.5	38%
Shared and central costs	**—**	—	—	**(9.2)**	(8.0)	15%
Total	**136.7**	121.8	12%	**23.9**	21.8	10%

1 Part year contribution from acquisitions in the year and full year contribution of prior year acquisitions

Shared and central costs increased to £9.2m (2023: £8.0m) reflecting investment in our IT and HR capability, increasing slightly as a percentage of revenue at 6.7% (2023: 6.6%).

Operating margins decreased slightly to 17.5% (2023: 17.9%), reflecting increased margins across both business recovery and property advisory offset by subdued M&A transactions in corporate finance and investment to support ongoing growth. We anticipate this level will be broadly maintained in the new financial year.

Finance costs increased to £1.9m (2023: £1.1m) due to increased interest rates, new property leases resulting in a higher IFRS 16 finance charge and one off costs associated with the new debt facility.

Adjusted profit before tax increased by 6% to £22.0m (2023: £20.7m).

Non-underlying items

The non-underlying items detailed below all arise due to acquisition accounting.

Under IFRS, acquisition consideration which is contingent on the selling shareholders remaining with the group is charged to the statement of comprehensive income, rather than being capitalised within non-current assets. These contingent payments, agreed in the terms of the sale and purchase agreements, are designed to preserve the value of goodwill and customer relationships acquired in the business combinations. As a result of this treatment of consideration, negative goodwill arises on a number of acquisitions which is credited to income in the year of acquisition.

	2024 £m	2023 £m
Acquisition consideration (deemed remuneration in accordance with IFRS 3)	**11.1**	12.3
Negative goodwill	**(0.8)**	(4.3)
Transaction costs	**0.3**	0.4
Amortisation of intangible assets recognised on acquisition accounting	**5.6**	6.3
	16.2	14.7

Tax

The overall tax charge for the year was £4.3m (2023: £3.1m) as detailed below:

	2024			
	Profit before tax £m	**Tax £m**	**Profit after tax £m**	**Effective rate**
Adjusted	**22.0**	**(5.7)**	**16.3**	**26%**
Non-underlying items:				
Amortisation	**(5.6)**	**1.4**	**(4.2)**	**25%**
Other non-underlying items	**(10.6)**	**—**	**(10.6)**	**—**
Statutory	**5.8**	**(4.3)**	**1.5**	**74%**

	2023			
	Profit before tax £m	Tax £m	Profit after tax £m	Effective rate
Adjusted	20.7	(4.3)	16.4	21%
Non-underlying items:				
Amortisation	(6.3)	1.2	(5.1)	20%
Other non-underlying items	(8.4)	—	(8.4)	—
Statutory	6.0	(3.1)	2.9	52%

Following the increase in the UK corporation tax rate, the group's adjusted tax rate increased to 26% (2023: 21%).

The statutory tax rate reflects the tax treatment of non-underlying items as follows:

- amortisation of acquired intangibles attracts a deferred tax credit at 25% (2023: 20%); and
- other non-underlying items (acquisition consideration, negative goodwill and transaction costs) are non-deductible as they are capital in nature.

Earnings per share

Adjusted diluted earnings per share[1] decreased to 9.9p (2023: 10.1p), following the increased UK corporation tax rate. In comparison, on a constant tax rate EPS would have been 10.6p (an increase of 5%). Diluted earnings per share was 0.9p (2023: 1.8p).

1 See reconciliation in note 10

Finance review continued

Growth in our team

On 30 April 2024 the group had 1,250 colleagues (2023: 1,100), the increase being principally due to acquisitions.

The average number of full-time equivalent ('FTE') colleagues working in the group during the year is detailed below.

	2024			
	Business recovery and advisory	**Property advisory and transactional services**	**Shared and support teams**	**Total**
Fee earners	**591**	**328**	**—**	**919**
Support teams	**63**	**25**	**67**	**155**
Total	**654**	**353**	**67**	**1,074**

	2023			
	Business recovery and advisory	Property advisory and transactional services	Shared and support teams	Total
Fee earners	550	279	—	829
Support teams	70	18	61	149
Total	620	297	61	978

The ratio of fee earning to support team colleagues is 5.9:1 (2023: 5.6:1). The comparative numbers have been represented to reflect current management structures.

Acquisitions

During the financial year, the group made the following acquisitions:

- Banks Long & Co on 3 May 2023 for initial consideration of £1.5m (£1.125m cash and issue of 292,170 shares – cash free, debt free); potential earn out of £1.5m subject to growing the profitability of the business over the five year period post completion. Total cash flows arising on acquisition were £1.2m (£1.1m initial consideration, £1.2m paid in respect of the cash free debt free adjustment, less £1.1m cash acquired).
- Andrew Forbes on 7 November 2023 for initial cash consideration of £0.5m (cash free, debt free); potential earn out of £0.5m, subject to maintaining profits in the three year period post completion. Total cash flows arising on acquisition were £0.3m (£0.5m initial consideration less £0.2m cash acquired).
- SDL Auctions on 11 December 2023 for initial cash consideration of £2.5m (cash free, debt free); potential earn out of £0.75m payable in cash, subject to maintaining revenue in the 12 month period post completion. Total cash flows arising on acquisition were £2.0m (£2.5m initial consideration, less £0.3m cash acquired, less £0.2m repaid to the group in respect of the cash free debt free adjustment).

In October 2023, we expanded our business recovery team in Cardiff through the acquisition of the four-strong team from Jones, Giles & Clay.

We also acquired a portfolio of insolvency cases from a London insolvency practitioner.

The cash outflow from acquisitions in the year was £8.2m (net of cash acquired), comprising current year acquisitions of £3.5m and prior year acquisitions of £4.7m.

Liquidity

The group remains in a strong financial position. At 30 April 2024, the group had net debt of £1.4m (2023: net cash of £3.0m), represented by cash balances of £5.6m (2023: £8.0m) net of drawn borrowing facilities of £7.0m (2023: £5.0m). All bank covenants were comfortably met during the year.

During the year, we agreed new and enhanced borrowing facilities with HSBC which replaced the previous facility entered into in 2016 and was due to mature in August 2025. The key terms are:

- £25m committed, unsecured revolving credit facility (unchanged);
- an additional £10m accordion facility (increased from £5m), allowing further debt capacity to support the group's growth strategy, subject to certain conditions;
- overall facility costs broadly in line with the previous facility; and
- initial three-year term until February 2027, with two one-year extension options, giving a potential maturity date of February 2029.

Cash flow

Cash flow in the year is summarised as follows:

	2024 £m	2023 £m
Adjusted EBITDA	**28.5**	26.6
Working capital	**(4.0)**	(2.8)
Cash generated by operations	**24.5**	23.8
Tax	**(6.7)**	(5.3)
Interest	**(2.0)**	(1.1)
Capital expenditure	**(1.5)**	(1.0)
Capital element of lease payments	**(1.9)**	(2.3)
Free cash flow	**12.4**	14.1
Net proceeds from share issues	**0.5**	0.2
Purchase of own shares	**(2.9)**	—
Transaction costs	**(0.3)**	(0.4)
Acquisition consideration payments (net of cash acquired)[1]	**(8.2)**	(10.2)
Dividends	**(5.9)**	(5.4)
Decrease in net cash	**(4.4)**	(1.7)

The group remains strongly cash-generative with cash from operating activities (before acquisition consideration payments) increasing to £24.5m (2023: £23.8m).

Tax payments increased to £6.7m (2023: £5.3m) following the increase in UK corporation tax rates. Interest payments increased to £2.0m (2023: £1.1m) due to increased interest rates, higher IFRS 16 interest charges and initial arrangement fees on the new borrowing facilities. Capital expenditure in the year increased to £1.5m (2023: £1.0m) due to IT hardware purchases and new office fit outs. The capital element of lease payments decreased to £1.9m (2023: £2.3m).

Free cash flow in the year was £12.4m (2023: £14.1m), a result of the increased tax, interest and capital expenditure payments.

During the year, the group set up an employee benefit trust ('EBT') as a means of satisfying certain share option awards to employees. The EBT subsequently entered into a trading plan under which it has acquired £2.9m of ordinary shares, funded by a loan from the group.

Net assets

At 30 April 2024 net assets were £78.4m (2023: £84.3m). The movement in net assets reflects underlying total comprehensive income for the year of £16.3m and credits to equity for share-based payments and share issues of £1.4m offset by the post-tax impact of non-underlying costs of £14.8m, dividends paid of £5.9m and £2.9m in relation to shares acquired by the EBT.

Going concern

The group is in a strong financial position and has significant liquidity as detailed above.

In carrying out their duties in respect of going concern, the directors have completed a review of the group's financial forecasts for a period exceeding 12 months from the date of approving these financial statements. This review included sensitivity analysis and stress tests to determine the potential impact on the group of reasonably possible downside scenarios. Under all modelled scenarios, the group's banking facilities were sufficient and all associated covenant measures were forecast to be met.

As a result, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial information in these financial statements is prepared on the going concern basis.

Ric Traynor
Executive chairman
8 July 2024

Nick Taylor
Group finance director
8 July 2024

1 Including deemed remuneration under IFRS 3

Stakeholder engagement

Section 172 statement
The following disclosure forms the directors' statement required under section 414CZA of the Companies Act 2006 on how the directors have had regard to the matters set out in section 172 (1) (a) to (f) in performing their duties. The board recognises that engagement with its stakeholders is fundamental to the long-term success of the company and considers the views and interests of all key stakeholders in its decision-making.

The principal decisions made by the board during the year are as follows:

Acquisitions
In line with our strategy detailed on page 10, we completed four acquisitions in the financial year. The board believe this strategy increases value for all stakeholders and is for the long-term benefit of the group.

Sustainability
The board has continued to develop its sustainability strategy in the year with key developments in the year as detailed on pages 21 to 25.

Employee benefit trust ('EBT')
During the year, the company set up an EBT as a means of satisfying certain share option awards to employees. The EBT subsequently entered into a trading plan under which it has acquired £2.9 million of ordinary shares.

Bank refinancing
In February 2024, the group agreed a new debt facility with HSBC. This replaced the group's previous facility with HSBC which has entered into in 2016 and was due to mature in August 2025. This is a long-running relationship which commenced in 2010. The board believe that this facility provides the group with the flexibility required to enable continuing investment in the business (including acquisitions) and fund operational requirements.

Key stakeholders

Our people

Why we engage
The business is dependent on the professional development, recruitment and retention of our highly experienced colleagues, who are responsible for delivering a high-quality service to our clients.

The directors recognise that the quality, motivation and commitment of our people is fundamental to the group's success.

How we engage
We engage and interact with our teams both on a local office level and nationally as detailed on page 23.

The senior management teams across all the group's operations meet both formally and informally on a regular basis with the executive directors.

Shareholders

Why we engage
Access to capital is of vital importance to the long-term success of our business.

Through our engagement activities, we aim to obtain investor support for our strategic objectives and our execution of them.

We believe that delivering value for our shareholders ensures that the business continues to be successful in the long term and continues to deliver value for all our stakeholders.

How we engage
The chairman and finance director have primary responsibility for investor relations ('IR') and lead a regular programme of engagement. This includes results announcements, which are also available on the group's IR website. The IR programme maintains ongoing communication with shareholders and helps to ensure that the board is aware of shareholders' views.

The board also receives feedback from its brokers on investors' perceptions of the company.

The company makes announcements using the regulatory news service throughout the financial year on major developments.

The AGM provides an opportunity for all shareholders to ask questions and to meet the directors.

Clients

Why we engage
Our clients are key to the success of our business.

We have long-standing relationships across the group with our clients and the wider professional community.

We have an interest in building deep reciprocal relationships with our clients.

How we engage
The group has a diverse client base across its service lines.

Our client facing teams are in continuous contact with their client base and have responsibility for both understanding their expectations and managing the delivery of our service.

Community

Why we engage
We believe that through our community engagement activities we can make a beneficial impact on the areas where our people live and work.

We are conscious of the impact we have on the environment and are committed to making positive changes to minimise this where possible.

How we engage
Our sustainability commitment, as detailed on pages 21 to 25, aims to add value to the communities in which we operate, whilst minimising our impact on the environment.

Sustainability

Our commitment to a sustainable future

The board is committed to developing the business in a sustainable way for the benefit of all our stakeholders.

We strive to have a positive impact for our colleagues and the communities we serve; operate with a culture of strong governance and responsible behaviour; and minimise our impact on the environment.

Our environmental social and governance ('ESG') goals

We will work to deliver sustainability outcomes for the group that are relevant, achievable and verifiable, including:

- compliance with ESG laws, regulations and reporting;
- excellence in the management and empowerment of our colleagues – including diversity, equity and inclusion practices for our workforce;
- a transition plan for the group to meet the UK's target of achieving net zero carbon emissions by 2050;
- a commitment to maintaining high standards of corporate governance; and
- transparent disclosure of data that underpin our stated commitments.

ESG developments

We have made progress in the following areas in the period under review:

- Introduced SmartHealth, a health and wellbeing service available free to all colleagues and their families. The service includes access to online GP consultations, a mental health support line, a telephone health check, together with fitness and nutrition advice.
- Improved mental health and wellbeing support. Colleagues complete a survey which allows them to assess their wellbeing and receive a practical action plan, guidance and resources to empower them to start improving their own mental wellbeing at home and at work.
- Enhanced our benefits offering to employees, which has brought consistency across the group and includes a central platform to manage benefits. The new offering gives colleagues more flexibility to select the benefits most relevant to them and offers a wider range of benefits including:
  - health benefits to support physical and mental health;
  - wealth benefits to protect finances; and
  - self benefits to strike the right work life balance.
- Completed the migration of directly contracted energy supplies onto renewable tariffs. For offices where utility supplies are contracted by the landlord or managing agent, we are engaging with them to migrate these supplies to renewably sourced energy.
- Continued transition of company car fleet to ultra-low emission vehicles ('ULEV'):
  - 65% (2023: 36%) of fleet cars are now ULEV, and;
  - 35 cars ordered or supplied since the introduction of our salary sacrifice scheme which enables all employees to purchase a low emission vehicle in a tax efficient manner and encourages the transition of our employees to more environmentally friendly vehicles.
- Continued migration of IT services away from on-premise hardware, towards cloud-hosted solutions, reducing our hardware footprint and energy usage as we migrate to other providers.
- Completed our office-based printer and scanner refresh programme transitioning to modern devices which have lower energy consumption and more efficient use of consumables. Since the rollout, this has saved over 10,000 print jobs equivalent to over 40 trees.
- Migrated our IT equipment disposal to a more sustainable provider offering recycling and reuse of old devices. This contributes to the circular economy, reducing demand for new devices and saving an average of 57kg of CO_2e per device.
- Created smart meeting spaces across our principal UK locations to support hybrid meetings to enable collaboration and reduce the need for business travel.

ESG governance

The board believes that strong ESG performance is a benefit to the group and its stakeholders. Our ESG goals help us to set targets, manage risks and opportunities, deliver progress and improvements, and increase transparency through our reporting.

The group's ESG committee is chaired by the group finance director and includes the company secretary and other senior stakeholders. The committee reports to the board with the purpose of:

a) providing a focus on sustainability within the group;

b) delivering the group's sustainability strategy;

c) highlighting ESG compliance issues, risks and opportunities; and

d) contributing to the group's evolution and transformation through ensuring that it remains aligned with the principles of sustainability.

Managing ESG risks

The board and the audit committee review the group's principal risks on an ongoing basis. Four of our ten principal risks and uncertainties are relevant to ESG. We also continue to identify and assess emerging risks, including those relating to ESG and climate change detailed on page 25.

Our ESG-related principal risks are:

1) recruitment and retention of high-calibre partners and employees;

2) business continuity;

3) legal and regulation; and

4) failure or interruption in IT systems.

Sustainability continued

ESG action plan

We will progress our sustainability strategy via a five-step process summarised as follows:

1) **Strong ESG governance through the ESG Committee.**

2) **Enhance the group's resilience.** We will develop and maintain robust contingency plans to strengthen our response to a range of risk factors within the ESG landscape which could impact on the long-term viability of our business.

3) **Monitor our ESG performance.** We will identify the key ESG performance indicators that apply to the group and monitor our performance against these measures.

4) **Rectify shortcomings and innovate.** Based on the evidence gathered regarding our ESG performance, we will rectify any shortcomings through taking opportunities to improve and innovate through the insights we gain.

5) **Disclose and communicate.** We will disclose and communicate our ESG data to all our stakeholders openly and transparently and we will be clear about the measures we take to enhance our sustainability performance.

Our sustainability agenda focuses on the three ESG pillars, each built on robust and ethical business practices.

Social

Social commitment

We are committed to a culture which ensures that:

- our people are valued and enjoy working for the group;
- can develop their talents and fulfil their potential; and
- share in corporate success.

Our people strategy is aligned to the group's vision and growth ambitions and aims to create the conditions for success through a focus on wellbeing, development, and performance. This is the blueprint for our growth.

We are committed to creating an inclusive environment where everyone can thrive. This is evidenced by our overall colleague engagement score of 76%[1] (compared to an external benchmark of 74%), and a retention rate of 87% (2023: 86%)[2].

To sustain growth we are committed to providing development opportunities for all and our development framework focuses on:

- **Attracting emerging talent.** Offering engaging and supportive opportunities for work experience, apprentices, placement students and graduates to start and develop their careers.
- **Developing competence.** Creating market-leading development pathways, enabling new to industry colleagues to build competence and accelerate their path to achieving professional qualifications, whilst supporting all colleagues with ongoing professional development.
- **Gaining professional qualifications.** During the year, we have provided support to 121 colleagues to gain their professional qualifications in the following areas:
  - insolvency qualifications such as CPI and JIEB;
  - accountancy/finance qualifications such as AAT, ACA, ACCA, CIMA, CII, Payroll Technician and Tax Technician Certification;
  - surveyor qualifications such as Chartered Surveyor, Real Estate and APC; and
  - business related qualifications such as CIPD, Insights Accreditation, CIM and Business Administrator.

Other key initiatives to support our continuing growth are detailed below:

Inclusion, diversity and wellbeing

Equal opportunities

We are an equal opportunities employer, with a policy to recruit, promote, train and develop colleagues by reference to their skills, abilities and other attributes of value to their role in the business.

As of 30 April 2024, the total workforce of 1,250, comprised 714 males and 536 females (2023: 1,110 comprised 623 males and 477 females). In common with other professional services firms, there are a greater proportion of male colleagues in qualified and executive roles. The gender mix at this level was 375 males and 115 females (2023: 362 males and 106 females).

In accordance with the Equality Act 2010, Begbies Traynor Limited and Eddisons Commercial Limited, as employers with 250 or more UK employees publish their gender pay statistics. These are calculated in accordance with the published requirements and can be found on the Begbies Traynor Group and Eddisons websites. We also publish a Modern Slavery Act Statement and Human Trafficking Statement on these websites.

In 2023 all colleagues were invited to complete an anonymous group wide 'Inclusion Survey'. The results showed the diversity of our workforce from a perspective of social mobility, ethnicity, sexual orientation, general demographics and caring responsibilities and the results have informed our attraction and retention practices in addition to diversity and inclusion education.

Building a diverse candidate pipeline is essential to our organic growth and we believe investing in early careers professionals is one way we can attract diverse talent to support our growth ambitions. We are raising awareness of the many ways we can support school leavers from work experience, placement opportunities, apprenticeships and graduates. In the past 12 months we have recruited 19 apprentices and hosted 37 work experience students, whilst developing relationships with schools, colleges, universities and training providers.

1 From our most recent engagement survey in November 2022

2 Calculated as annual leavers with more than one year service divided by average headcount over the year

We build a positive working environment to increase job satisfaction and productivity amongst our teams. Flexible working is supported and adjustments are made for disabilities. People policies are reviewed at least annually and following the most recent review, the following key changes were made:

- pay for maternity, adoption and paternity leave was enhanced above statutory requirements;
- stress at work and menopause policies were introduced following the colleague inclusion survey;
- an updated voluntary and charity work policy was launched giving all colleagues one paid day a year to volunteer or fundraise for a charity or community project; and
- new hybrid working and sabbatical policies were introduced to reflect modern flexible work practices and colleague demand.

Wellbeing

Wellbeing is the bedrock of great organisational performance. Having the right people in the right roles with the right skills, who feel valued and listened to, positively impacts colleague wellbeing and consequently great business outcomes.

A key enabler for this is 'The Ongoing Conversation', a regular one to one between a manager and a colleague where wellbeing, performance and development are discussed, enabling great performance through coaching.

Fostering a thriving and inclusive workplace goes beyond professional development; it encompasses the physical, emotional, financial, and mental wellbeing of colleagues. We have invested in the wellbeing support we provide to our colleagues following our inclusion survey including the introduction of:

- SmartHealth, a health and wellbeing service available free to all colleagues and their families. The service includes access to online GP consultations, a mental health support line, a telephone health check, together with fitness and nutrition advice.
- Mental health and wellbeing support. Colleagues complete a survey which allows them to assess their wellbeing and receive a practical action plan, guidance and resources to empower them to start improving their own mental wellbeing at home and at work.

Sharing success

We believe it is important for colleagues to share in the success of the group and we continue to have share incentive schemes in place. These include all-employee save as you earn ('SAYE') schemes and share option schemes. In total 33% (2023: 35%) of colleagues currently participate in either SAYE or share option schemes.

We have invested in the benefits offered to colleagues, which has brought consistency across the group and we now provide a central platform to manage benefits. The new offering gives colleagues more flexibility to select the benefits most relevant to them and offers a wider range of benefits including:

- health benefits to support physical and mental health;
- wealth benefits to protect finances; and
- self benefits to strike the right work life balance.

These enhanced benefits alongside a competitive salary, discretionary bonus, holiday buy, healthcare and share incentive schemes, ensures we are providing colleagues with a market competitive reward package.

Our community

Internal communications and engagement

We have continued to invest in communications across the group including our internal communications hub. In addition our engagement includes:

- regular team meetings;
- face to face events, bringing targeted audiences together to collaborate. This year this has included an event for early careers students studying for their APC qualification and an academy event for future talent across the group;
- internal updates from the executive chairman on major corporate events including financial results announcements and acquisitions; and
- colleague feedback and working groups to drive action and incorporate the colleague voice around strategic priorities.

Building and supporting communities

Community is at the heart of everything we do. Our colleagues are active participants in our future as advocates for continuous improvement.

We have four colleague networks which play a critical role in building relationships, providing education and awareness, creating development opportunities, and raising awareness of issues, challenges and initiatives. This year they have supported several initiatives including:

- the introduction of a new volunteering policy and a national charity event;
- a series of communications, raising awareness of different cultural events recognised across our workforce;
- a green travel survey raising awareness of our travel behaviours and the promotion of green to work travel options available, including a car salary sacrifice scheme; and
- a new wellbeing portal and flexible benefits offering.

Our commitment to building and supporting communities extends wider than just colleagues. We take this beyond the office, and into the communities in which we operate. We understand the role our organisation plays within the wider community, and we take this responsibility seriously.

We provide clients with advice and transactional support, often in challenging situations, throughout the economic cycle. Our advice in trying times helps viable businesses continue to trade profitably, in turn boosting local economies and safeguarding colleagues.

Charity commitments

Our nationwide network of offices operates in the heart of their local communities, and as a group we are committed to providing support through charity work and fundraising endeavours on both a local and national basis. In 2024 we organised our inaugural national charity event, which saw 37 colleagues from across the business take part in the national three peaks challenge.

Sustainability continued

Governance

Governance commitment

The board is committed to maintaining high standards of corporate governance. We recognise that a positive culture, together with a robust approach to governance, is key to the success of the organisation.

We have a clear approach to governance and risk management with a highly experienced leadership team, together with robust compliance and governance procedures.

Many of the group's service lines are regulated by externally governed codes of practice and ethical behaviour. This is reinforced by group policies in the following areas:

Whistleblowing

We are committed to maintaining high ethical standards and take any malpractice very seriously. All our employees should feel able to raise any matters of concern to their manager. If they are not able to do so, we have a whistleblowing policy in place which applies across the group.

Anti-bribery and corruption

We have a zero-tolerance approach to bribery and other forms of corruption and our policies are designed to ensure compliance with relevant laws wherever we do business.

Modern slavery

The Modern Slavery Act came into force in 2015. We have a zero-tolerance approach to modern slavery and believe that the risk of slavery or human trafficking in the recruitment and engagement of our employees is low. This is further enhanced by our approved supplier process to mandate this approach across suppliers. The group's Modern Slavery and Human Trafficking Statement is available on the group's website.

Data protection and information security

The group has policies in place to protect personal data held by the group, which meet the requirements of the Data Protection Act 2018 (incorporating GDPR). In addition, annual data protection compliance training is completed by our employees and partners.

We have information security policies in place which are Cyber Essentials Plus accredited. There is an ongoing programme of online training for all employees, which highlights key areas of information security risk and raises awareness of this critical risk area. During the year, no data breaches arose from the group's managed IT infrastructure, which would have required formal notification to the Information Commissioner's Office.

Non-financial and sustainability information statement

This statement contains disclosures required under s414CB of the Companies Act 2006 and the Task Force on Climate-Related Financial Disclosures ('TCFD').

Environmental commitment

As a professional services business, we believe that the group has a low environmental impact when compared to many other industries. However, we are conscious of the impact we do have on the environment and are committed to making positive changes to minimise this where possible.

We believe the measures required to limit the effects of climate change, including meeting the net zero carbon challenge, are fundamental to our long-term business interests and consistent with our vision and values.

Governance

The board has overall responsibility for ESG issues, including climate-related matters, and monitors the management of our climate-related risks and opportunities. The board delegates its overall authority in this area to the ESG committee which provides quarterly updates to the board.

The audit committee reviews and approves our register of climate-related risks and opportunities and oversees our response, ensuring the board has full oversight.

Climate-related risks and opportunities can present themselves in different ways, including policy and regulations, requirement for new or updated advice or services, operational disruption, and other external factors. Risks and opportunities identified by key business stakeholders and our operating businesses are assessed and monitored by the ESG committee, with significant items reported to the audit committee and the board.

Strategy

The group operates in an industry that is deemed low environmental effect and impact, and as such the board do not believe there are significant risks facing the group from climate change.

We have defined the length of our terms to align with the wider business strategy. Our short term is one to three years, medium term is three to five years and long term is more than five years.

As a low-carbon-intensive business, we consider the impact of the principal climate-related risks and opportunities on the group as not material. We believe the group to be resilient in relation to the climate-related risks identified in the table.

Climate-related risks and opportunities

The board is committed to identifying, addressing and managing the risks and opportunities arising from climate change.

We have considered and reviewed the climate-related risks and opportunities across the business with key business stakeholders. This has enabled us to define a climate-specific risk register which is managed by the ESG committee and embedded within our overall risk management approach.

The table below details the climate-related risks and opportunities we have identified to date, which have been classified as transition risks, physical risks and opportunities. Having considered these, the board believe that they are not likely to have a material impact on the group's strategy. We will consider the potential impact of different climate scenarios in future years.

Risk/opportunity	Overview
Transition risks	
Compliance	Ensuring the group remains compliant with evolving legislation and disclosure requirements
Investor sentiment	ESG performance and disclosures are of increasing relevance and importance to the investment community
Carbon tax	Increased costs associated with carbon taxes on purchased goods and services
Physical risks	
IT infrastructure	Our IT infrastructure is critical to our business operations. This may be exposed to extreme weather events, which could result in business interruption from power failure, flood or loss of cooling
Energy demand	Potential increase in operating costs required to maintain business operations
Extreme weather events	Potential disruption to business operations
Opportunities	
New service lines	Developing solutions to assist clients in managing their obligations to decarbonise and where required advising on and arranging finance for any capital expenditure requirements
Access to finance	Ability to access both debt and equity funding through being able to demonstrate strong ESG credentials

Metrics and targets

We are committed to meeting the UK government's target of achieving net zero carbon emissions by 2050.

As a professional services business, our key metrics to measure progress are the group's GHG emissions which are detailed below.

The group has not yet set targets in relation to achievement of the net zero target.

Greenhouse gas emissions ('GHG') statement

	Unit	2024	2023
GHG emissions			
Scope 1	Tonnes of CO_2e	**141**	253
Scope 2	Tonnes of CO_2e	**193**	189
Scope 3	Tonnes of CO_2e	**247**	245
Total group emissions	Tonnes of CO_2e	**581**	687
Intensity measure			
Emissions by full-time equivalent member of staff	Tonnes of CO_2e/FTE	**0.48**	0.69
Emissions by group revenue	Tonnes of CO_2e/£m group revenue	**4.27**	5.68
Energy consumption			
Scope 1	kWh	**619,000**	1,098,000
Scope 2	kWh	**934,000**	913,000
Scope 3	kWh	**1,019,000**	1,011,000
Total	kWh	**2,572,000**	3,022,000

Scope 1 are direct emissions from fuel consumption in either buildings or from company leased or owned vehicles.

Scope 2 are indirect emissions from the purchase of electricity in our offices.

Scope 3 are emissions from the use of personal or privately hired vehicles used for company business where employees are reimbursed based on claims for business mileage.

Emissions which result from train travel, flights and taxi journeys are not included in the emissions table.

The carbon dioxide equivalent ('CO_2e') emissions data have been calculated using the emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 published on 7 June 2023.

Risk management and principal risks

Identifying and managing risk

Identifying and managing risk is key to our business. It helps us to deliver long-term shareholder value and protect the business whilst delivering on our strategic objectives.

The operations of the group and the implementation of our strategy involve a number of risks and uncertainties. The board encourages an appetite of measured risk-taking in the delivery of its objectives (see page 10), which is balanced by a process of risk identification, evaluation and management.

Risk management governance structure

Board of directors

Responsibility for setting strategic objectives and risk appetite across the group

Accountable for the effectiveness of the internal control and risk management processes

The board delegates responsibility for risk management activities to the audit committee

Audit committee

Monitors the principal risks identified by our risk management process together with associated controls and mitigations

Reviews output from the risk management committees

Risk management committees

IT security committee
A sub-committee of the audit committee. Its primary responsibility is to oversee:

- management of risks associated with data protection, security of information systems and networks (physical and non-physical); and
- crisis management and incident response processes.

The committee is chaired by a non-executive director (Peter Wallqvist) and includes the group legal counsel, CIO and senior members of the group IT team.

Operational risk committees
Sub-committees of the respective operating boards which assess and mitigate risks on client engagements.

Members include the legal counsel, compliance and experienced professionals independent of the relevant client engagements.

Environmental, social and governance (‘ESG’) committee
The committee reports to the board with the purpose of providing a focus on sustainability in the group and delivering the group’s sustainability strategy.

It is chaired by the group finance director and includes the company secretary and other senior stakeholders.

Divisional operating boards

Divisional leadership teams with responsibility for two principal operating divisions: business recovery and advisory; and property advisory

Responsible for implementing the group’s policies on risk management and internal control

Responsible for the identification and evaluation of risks, notably in relation to client engagements

The directors have carried out a robust assessment of the material and emerging risks facing the group.

Outlined on the following page are the current principal risks and uncertainties faced by the operations of the group and the implementation of its strategy. These are consistent with those disclosed in the prior year. The list is not exhaustive and other, as yet unidentified, factors may have an adverse effect.

The group's controls are designed to manage rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk	Mitigating activities	Change
Recruitment and retention of high-calibre partners and employees		
The business is dependent upon the professional development, recruitment and retention of partners and employees.	We continue to invest in the support we provide to our colleagues and in internal talent management as detailed in our sustainability statement. We aim to provide our colleagues with: • a competitive reward structure; • benefits including all-employee share schemes and salary sacrifice car schemes; • support to develop careers and gain professional qualifications; and • selective use of share-based and other long-term incentive awards to incentivise and retain key people.	Unchanged
Business continuity		
Significant non-IT events may impact on our service to clients and access to operating locations with a potential adverse effect on operational performance and reputation.	We have business continuity plans in place across the business which include the ability to work from alternate operating locations.	Unchanged
Operational gearing		
The business is operationally geared with a high proportion of salary and property costs, which cannot be immediately varied. Consequently, the group's profitability may be subject to short-term fluctuations dependent on activity levels.	This risk is managed through flexing our resource levels, where possible, to align with current and anticipated levels of activity, together with the control of other discretionary items of expenditure. A prudent level of spare capacity is retained to facilitate peaks in activity.	Unchanged
Liquidity risk		
The group's ability to generate cash from its insolvency appointments is usually reliant on asset realisations. A deterioration in realisations in the short term could reduce the group's operating cash generation and increase its financing requirements.	The group monitors its risk of a shortage in funds through regular cash management and forecasting and ensuring suitable headroom within its banking facilities. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of its committed banking facilities, together with other sources of finance if required.	Unchanged
Marketplace		
The group's markets are susceptible to macroeconomic movements, such as interest rates, GDP changes and indebtedness levels.	The group's service lines have differing exposure to the macroeconomic environment as detailed in the business model on pages 8 and 9, providing mitigation of this risk at a consolidated level.	Unchanged
The group operates in a highly competitive market and is reliant on the flow of new assignments.	This risk is managed through a consistent effort in marketing and selling activity and maintaining strong relationships with key work providers, including financial institutions, investors and other professional intermediaries.	Unchanged

Risk management and principal risks continued

Risk	Mitigating activities	Change
Legal and regulation		
The group operates in regulated markets. Failure to comply with, or changes in, regulation or legislation may have an adverse impact on the activities of the business.	To ensure compliance with relevant legislation in performing regulated activities, the group has dedicated compliance functions which maintain procedures and policies in line with current legislation.	Unchanged
In the ordinary course of business, certain aspects of the group's services are opinion based and may be subject to challenge.	The group has robust processes in place including divisional risk committees and appropriate internal review processes. Where appropriate, the group may seek third-party professional corroboration. In addition, the group has appropriate insurance policies in place.	Unchanged
Failure or interruption in IT systems		
A major failure in the group's IT systems may result in either a loss or corruption of data or an interruption in client service, which may have a consequential impact on our reputation and profitability. There is a risk that an attack on our IT systems by a malicious individual or group may be successful and impact on the availability of these systems.	The group continues to invest in both the IT team which supports the business and our hardware and software. In addition, we use specialist third party consultancies to provide support where required. Specific off-site back-up and resilience requirements have been built into our IT systems which have been set up, as far as reasonably practicable, to prevent unauthorised access and mitigate the impact and likelihood of a major IT failure or cyber attack. The group is Cyber Essentials Plus accredited. We have IT disaster recovery plans in place to cover residual risks which cannot be mitigated. These plans are tested annually and independently verified. We also maintain appropriate cyber response insurance. We are constantly reviewing our processes and resilience in this area due to the increasing threat landscape.	Unchanged
Acquisition risk		
The valuation, structuring and integration of acquisitions is critical to realising the benefits from the transactions.	The group has well-established processes in place to evaluate, structure and subsequently complete appropriate acquisitions. We have a clear post-acquisition integration strategy and plan to ensure shareholder value is delivered. Post-acquisition management reporting keeps the board updated on progress against plan.	Unchanged

Approval

The strategic report on pages 1 to 28 was approved by the board and signed on its behalf by:

Ric Traynor
Executive chairman
8 July 2024

Nick Taylor
Group finance director
8 July 2024

Chairman's introduction

Ric Traynor
Executive chairman

The board is committed to maintaining high standards of corporate governance. As chairman, it is my role to ensure that these standards are promoted by the board and to ensure that the group is managed in the best interests of shareholders and our broader stakeholder group.

We recognise that a positive culture, together with a robust approach to governance, is key to the success of the organisation. As a professional services consultancy, the group's services are regulated by externally governed codes of practice and ethical behaviour. These regulatory professional standards are reinforced by the board which sets the culture of the group in promoting entrepreneurial growth against the background of sound regulatory compliance and ethical standards and a measured approach to risk taking.

We seek to be a trusted advisor to all our clients, to act with integrity at all times and to take pride in the advice and solutions we provide.

We have a clear approach to governance and risk management with a highly experienced leadership team in executive and senior management positions together with robust compliance and governance procedures.

We are committed to a culture which ensures that our people enjoy working for the group, can develop their talents and fulfil their potential with us.

In the following sections we have provided details on our approach to governance and application of the QCA Code, including reports from the audit and remuneration committees. I believe that the framework provided by the QCA Code contributes to our ability to deliver long-term shareholder value and assists the board in managing the business for all of its stakeholders, whilst maintaining a flexible, efficient and effective management framework within an entrepreneurial environment.

Further detail on our compliance with the QCA Code can be found on our website at ir.begbies-traynorgroup.com/corporate-governance.

Ric Traynor
Executive chairman
8 July 2024

Board of directors

Executive directors

Ric Traynor
Executive chairman

C

Appointment date:
May 2004

Experience
Ric has been an insolvency practitioner since qualifying as a chartered accountant with Arthur Andersen in 1984. He established Traynor & Co. in 1989 which, following the acquisition of Begbies London in 1997, became Begbies Traynor.

Ric has focussed on the development of the business, including the group's successful introduction to AIM in 2004, and on practice management. He continues to lead the business and remains a major shareholder.

Nick Taylor
Group finance director

Appointment date:
December 2010

Experience
Nick was appointed to the board in 2010, having originally joined the group as financial controller in 2007. He is a chartered accountant with broad experience of M&A, financial reporting and operational management. He qualified with KPMG in Manchester and previously held senior finance roles in United Utilities PLC and Vertex Data Science Limited, the business process outsourcer.

Mark Fry
Head of insolvency and advisory

Appointment date:
July 2011

Experience
Mark was appointed to the board in 2011, having joined the group in 2005 following an acquisition and he led our London and South East region prior to his board appointment.

He is the national head of our insolvency and advisory services, is an experienced insolvency practitioner and has been appointed on numerous complex and high-profile assignments. Mark is also a former President of the Insolvency Practitioners Association.

Non-executive directors

John May
Non-executive director

A R I

Appointment date:
October 2007

Experience
John was appointed to the board in 2007 as a non-executive director. He was an executive director of Caledonia Investments plc from 2003–2011 prior to which he worked for the Hambros Group for over 20 years, where he was an executive director of Hambros Bank and joint managing director of Hambro Countrywide. John also has extensive non-executive experience having been a director of more than 40 listed and private companies operating both in the UK and globally.

C Chair
A Audit committee
R Remuneration committee
I Independent

Graham McInnes
Non-executive director

A R I

Appointment date:
September 2004

Experience
Graham was appointed to the board in 2004, initially as group finance director and subsequently as corporate development director. In 2012, Graham became a non-executive director. He has held a number of senior finance positions including corporate finance partner at Spicer and Oppenheim (now part of Deloitte) and finance director of Enterprise plc, in addition to developing his own corporate finance boutique in the 1990s. Graham is also a director of Newton Technology Group plc, a group specialising in the engineering technology sector.

Mark Stupples
Non-executive director

R I

Appointment date:
July 2017

Experience
Mark was appointed to the board in 2017 as a non-executive director. He has significant property services experience as a result of his senior roles in major firms, including King Sturge as UK Managing Partner, and JLL as UK Chief Operating Officer until leaving the business in December 2016. During this time, Mark had responsibility for the operation of the business, working closely with Finance, HR, and IT, and was responsible for the UK sustainability strategy. Mark now runs his own consultancy focussing on business strategy and change.

Mark is an experienced Trustee, chairing both the JLL Retirement Benefits Scheme and the JLL UK Foundation. In this latter role, the Foundation is focussed on social mobility in the real estate sector. This has strengthened Mark's belief in the need for inclusion alongside diversity.

Peter Wallqvist
Non-executive director

I

Appointment date:
December 2019

Experience
Peter was appointed to the board in December 2019 as a non-executive director. Peter has spent his career in information technology. In 2010, he co-founded and became Chief Executive Officer at the AI company RAVN Systems, which delivered digital transformation initiatives in the professional services industry. RAVN Systems was acquired by iManage, a leading vendor of document and email management systems for the legal and professional services industries in 2017. Following the acquisition, Peter served as VP of Strategy and Global Practice Director for iManage, until he left the business in October 2019.

Mandy Donald
Non-executive director

A I

Appointment date:
February 2023

Experience
Mandy was appointed to the board in February 2023 as a non-executive director. Mandy is a chartered accountant and experienced non-executive director. She joined EY in 1992 and spent 10 years working in professional roles in the firm. In 2002 she was appointed as EY's UK Director of Finance and Operations and from 2007–2012 was the Global Director of Finance and Operations for EY's transaction advisory services and EY assurance services. Since 2012, Mandy has held a number of non-executive director positions in the financial and professional services sectors including at Punter Southall Group, Liontrust Asset Management plc, JP Morgan Investment Trust plc and Gowling WLG LLP, as well as in the not for profit sector at the Institute of Cancer Research; these roles included acting as Chair of several audit and risk committees.

Corporate governance statement

Overview

The group has established specific committees and implemented certain policies, to ensure that:

- it is led by an effective board which is collectively responsible for creating and sustaining shareholder value through management of the business;
- the board and its committees have the appropriate balance of skills, experience, independence and knowledge of the group to enable them to discharge their respective duties and responsibilities effectively;
- the group applies appropriate corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the group's auditor; and
- there is a dialogue with shareholders based on the mutual understanding of objectives.

In addition, the group has adopted policies in relation to:

anti-corruption and bribery; anti-money laundering and economic crime; whistleblowing; health and safety; IT, communications and systems; and social media, so that all aspects of the group are run in a robust and responsible way. These policies are regularly reviewed and updated to ensure continued compliance.

Responsibilities of the board

The board is responsible for creating and sustaining shareholder value through management of the business. It does this by:

- setting the strategy and direction of the company;
- maintaining appropriate controls to ensure the effective operation of the company;
- approving revenue and capital budgets and plans;
- approving financial statements, material agreements and non-recurring projects;
- determining the financial structure of the company including treasury and dividend policy;
- overseeing control, audit and risk management; and
- setting and monitoring remuneration policies.

Specific responsibilities have been delegated to committees of the board, being the audit and remuneration committees. The terms of reference for these committees are available on the group's website.

In the absence of a formal nominations committee, the board is responsible for ensuring that it retains an appropriate composition and balance of skills and expertise together with considering relevant succession.

Operational management of the group's respective divisions is delegated by the board to two principal operating boards (business recovery and advisory and property advisory) which comprise relevant members of the group's executive and non-executive directors, together with senior partners and managers from the respective divisions.

Board members

It is important that the board contains the right mix of skills and experience in order to deliver the strategy of the group. The board is comprised of the executive chairman, two other executive directors and five non-executive directors.

Role of the executive chairman

Ric Traynor, who established the business and led the group's introduction to AIM, fulfils the role of executive chairman, being responsible for the workings and leadership of the board together with managing the business with the support of the other executive directors.

Whilst the QCA Code requires the chairman to have adequate separation from the day-to-day business, the board believes the current role is appropriate and in the best interests of the group. In recognition of this non-compliance with the QCA Code, the board has a majority of non-executive directors and Graham McInnes, one of its non-executive directors, acts as the senior independent director.

Executive directors

The group has two executive directors, in addition to the executive chairman, who are responsible for managing the delivery of the business plans within the strategy set by the board.

Non-executive directors

The group has five non-executive directors ('NEDs'). The NEDs' role is to provide oversight and scrutiny of the performance of the executive directors, helping the business to develop, communicate and execute its agreed strategy within the defined risk management framework.

The NEDs are expected to attend all board meetings, any committee meetings of which they are a member and the annual general meeting. In addition, Mark Stupples is the non-executive chairman of the Property Advisory Operating Board. NEDs are expected to dedicate sufficient time to the group's affairs to enable them to fulfil their duties as directors.

The board considers that the five NEDs act as independent directors and have no business or other relationship which could interfere materially with the exercise of their judgement.

Company secretary

The company secretary provides advice and guidance to the extent required by the board on the legal and regulatory environment and assists the chairman in preparing for and running effective board meetings, including the timely dissemination of appropriate information. All directors have access to the company secretary and all group records. Each director is authorised to take external advice at the expense of the company in support of their duties. The company secretary also acts as the link between the company and shareholders on matters of governance and investor relations.

Election of directors

Each director serves on the board until the annual general meeting following his or her election or appointment where the director must stand for re-election. In accordance with the group's articles of association, one third of the directors are re-elected on an annual basis, with those directors who have been in office the longest being subject to this requirement.

In addition, in accordance with the QCA Code, any independent non-executive directors who have served for more than nine years will stand for re-election at each AGM.

Board evaluation

The most recent evaluation of board performance was conducted in April 2022, facilitated by the company secretary.

During the year the group continued to make progress in the areas of shareholder and employee engagement, as well as ensuring the successful integration of the recent acquisitions to the group.

Board meetings

The full board meets formally on a quarterly basis and informally where relevant throughout the year. Agendas for these meetings formalise the matters reserved for decision by the board with papers circulated in advance for consideration and comment. Meetings are structured to allow for the open discussion and debate of the key issues.

Attendance at board and committee meetings during the financial year is shown in the table below:

Director	Board meetings attended	Meetings eligible to attend	Audit committee meetings attended	Meetings eligible to attend	Remuneration committee meetings attended	Meetings eligible to attend
Ric Traynor	4	4	—[1]	—[1]	—[2]	—[2]
Nick Taylor	4	4	—[3]	—[3]	—	—
Mark Fry	3	4	—	—	—	—
John May	4	4	3	3	1	1
Graham McInnes	4	4	3	3	1	1
Mark Stupples	4	4	—	—	1	1
Peter Wallqvist	4	4	—	—	—	—
Mandy Donald	4	4	3	3	—	—

1 The executive chairman attended two audit committee meetings by invitation

2 The executive chairman attended one remuneration committee meeting by invitation

3 The group finance director attended three audit committee meetings by invitation

Audit committee report

Mandy Donald
Chair of the audit committee

As chair of the audit committee ('the committee'), I am pleased to present the committee's report for the year ended 30 April 2024. The purpose of the report is to describe the work undertaken by the committee and explain how it discharged its responsibilities during the year.

Members of the audit committee
I am an independent non-executive director and have chaired the committee since 5 March 2024. Graham McInnes who has chaired the committee since 2018 has remained a member since resigning as chair. The other committee member during the year was John May. The group company secretary is at the disposal of the committee to advise and assist the members.

The executive chairman, the group finance director and a representative of the group's external auditor are permitted to attend meetings of the committee by invitation only. The committee meets at least three times a year, in accordance with its terms of reference.

The committee's terms of reference are available on the group's website. Its principal responsibilities are to review and discuss governance, financial reporting and internal control and risk management.

Key actions during the year
During the year the committee discharged its responsibilities by:

- approving the external auditor's plan for the audit of the group's annual financial statements, including key audit matters, key risks, confirmation of auditor independence and terms of engagement and audit fees;
- reviewing the group's draft annual report and accounts and the external auditor's detailed audit completion report including the consideration of key audit matters and risks;
- reviewing the group's half year and full year results announcements;
- reviewing the performance of the external auditor;
- reviewing the group's risk management process including the group's key risks and mitigations; and
- discussing the contents of the Financial Reporting Council ('FRC') review (detailed below) with the auditors and reviewing the proposed enhancements to the group's financial reporting disclosures.

FRC review
The committee received a letter during the year from the FRC following a review of the April 2023 annual report and accounts, stating that following the review there were no questions or queries which the FRC wished to raise with the company. The letter did contain a number of suggestions for improved disclosure, which the committee has considered and where appropriate has taken the opportunity to enhance the disclosures within these financial statements.

Scope and limitations of the FRC review

The review was based on the annual report and accounts and did not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. It therefore provides no assurance that the annual report and accounts are correct in all material respects; the FRC's role is not to verify the information provided to it but to consider compliance with reporting requirements. The letter was written on the basis that the FRC (which includes its officers, employees and agents) accepts no liability for reliance on it by the company or any third party, including but not limited to investors and shareholders.

Role of the external auditor

The committee monitors the relationship with the external auditor, Crowe, to ensure that auditor independence and objectivity are maintained. Crowe has been the company's auditor since 2021, which followed a tender process. The committee will keep under review the need for a further external tender. Any instruction for Crowe to provide non-audit services to the group must be approved in advance by the committee. No fees were payable to Crowe for non-audit services during the year.

Having reviewed the auditor's independence and performance, the committee has concluded that these are effective and recommends that Crowe be reappointed at the next AGM.

Audit process

The auditor prepares an annual planning report for consideration by the committee, which details areas of audit focus and anticipated key audit risks, together with the anticipated level of materiality. This is reviewed and approved by the committee. Following the audit, the auditor presented its findings to the committee. No significant areas of concern were raised by the external auditor.

Internal audit

The committee has reviewed the group's processes for the review and testing of its internal control framework, considering the size and complexities of the group. It concluded that assurance on the adequacy and effectiveness of internal controls can be obtained through the group's compliance and finance teams, supported where necessary by external, independent review.

Internal controls and risk management

The systems of internal control and risk management are the ultimate responsibility of the board, which sets and reviews appropriate policies. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. Managers are delegated the tasks of implementation and maintenance of systems in accordance with those policies and the identification, evaluation, management and reporting of risk and control issues.

Controls and processes are reviewed on a periodic basis by the group's finance and compliance teams with any issues and recommendations reported to the audit committee.

Budgets are produced annually and key performance targets within them are set by the board. Performance against those budgets is regularly reviewed and variances are investigated and acted upon by members of the board and both head office and divisional managers.

The principal risks and uncertainties faced by the group, together with mitigating activities, are disclosed in the strategic report on pages 26 to 28.

Mandy Donald
Chair of the audit committee
8 July 2024

Remuneration committee report

John May
Chair of the remuneration committee

On behalf of the remuneration committee ('the committee'), I am pleased to present this report, which sets out the remuneration policy and the remuneration paid to the directors for the year ended 30 April 2024.

Members of the remuneration committee

The remuneration committee has three members, each of whom is an independent, non-executive director. I am the chair of the committee and Graham McInnes and Mark Stupples are the other current members of the committee. The group company secretary is at the disposal of the committee to advise and assist the members.

The executive chairman is invited to attend meetings of the committee for discussion on executive remuneration matters save for those relating to himself. The committee meets at least once a year, in accordance with its terms of reference.

The committee's terms of reference are available on the group's website. Its principal responsibilities are to determine the remuneration payable to the executive directors and approve any management long-term incentive and share-based payment schemes.

Policy

The remuneration policy of the group is driven by our approach to align the best interests of shareholders and management.

The committee looks to set remuneration for executive directors at appropriate market levels, with reference to the roles and responsibilities of those directors. Incentive arrangements which provide appropriate reward and incentive are implemented and measured against key performance criteria designed to promote the best interests of shareholders and are reviewed annually.

Directors' remuneration

The remuneration arrangements for the three executive directors consist of a basic salary or directors' fees and fixed profit share, together with an annual bonus. In addition, they receive income protection insurance, private medical insurance and the provision of a company car or cash allowance. Nick Taylor also receives death in service benefits. Mark Fry's remuneration reflects his role as the senior partner in the business recovery and advisory practice, in addition to his duties as an executive director.

The executive bonus scheme pays a percentage of salary/fixed profit share based on company and personal performance with a maximum bonus payable of 100% of base salary. The bonus payable in the year is disclosed in the table of directors' emoluments.

None of the directors participate in the group's defined contribution pension scheme.

Long-term incentive plans

The long-term incentive plans in place for Nick Taylor and Mark Fry seek to incentivise them to enhance shareholder value. Performance criteria for the full award of the performance share plan 2024 require total shareholder return equal or exceeding the median position of the FTSE AIM All Share Index over the four year period, and growth in adjusted earnings per share of 15% CAGR over the four year period.

Non-executive directors

Non-executive directors' remuneration is determined by the board. Mark Stupples' remuneration reflects his role as the non-executive chairman of the property advisory business, in addition to his non-executive duties for the group.

Directors' emoluments

Name of director	Directors' fees and profit share/salary £	Bonus £	Benefits £	**2024 total £**	Fixed pay £	Variable pay £
Executive						
Ric Traynor	376,864	272,222	31,033	**680,119**	407,897	272,222
Nick Taylor	255,000	202,220	7,279	**464,499**	262,279	202,220
Mark Fry	450,000	338,333	17,330	**805,663**	467,330	338,333
Non-executive						
John May	45,000	—	—	**45,000**	45,000	—
Graham McInnes	45,000	—	6,049	**51,049**	51,049	—
Mark Stupples	77,250	—	—	**77,250**	77,250	—
Peter Wallqvist	45,000	—	—	**45,000**	45,000	—
Mandy Donald	45,000	—	—	**45,000**	45,000	—
Aggregate emoluments	1,339,114	812,775	61,691	**2,213,580**	1,400,805	812,775

Name of director	Directors' fees and profit share/salary £	Bonus £	Benefits £	2023 total £	Fixed pay £	Variable pay £
Executive						
Ric Traynor	374,087	263,000	26,324	663,411	400,411	263,000
Nick Taylor	228,643	172,500	5,333	406,476	233,976	172,500
Mark Fry	450,000	326,000	14,046	790,046	464,046	326,000
Non-executive						
John May	44,167	—	—	44,167	44,167	—
Graham McInnes	44,167	—	5,122	49,289	49,289	—
Mark Stupples	44,167	—	—	44,167	44,167	—
Peter Wallqvist	44,167	—	—	44,167	44,167	—
Mandy Donald[1]	11,250	—	—	11,250	11,250	—
Aggregate emoluments	1,240,648	761,500	50,825	2,052,973	1,291,473	761,500

1 Director's fees from date of appointment on 1 February 2023

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the company granted to or held by the directors. Details of share options held by directors who served during the year are as follows:

Name of director	Scheme	Number at 1 May 2023	Granted in year	Exercised in year	**Number at 30 April 2024**	Exercise price (pence)	First vesting date
Mark Fry	Share option scheme 2013	1,000,000	—	(1,000,000)	**—**	36.7	30 April 2016
	Performance share plan 2020	250,000	—	—	**250,000**	5.0	31 July 2023
	Performance share plan 2024	—	450,000	—	**450,000**	5.0	31 July 2027
Nick Taylor	Share option scheme 2017	142,472	—	—	**142,472**	63.1	30 April 2020
	Performance share plan 2020	250,000	—	(250,000)	**—**	5.0	31 July 2023
	Performance share plan 2024	—	450,000	—	**450,000**	5.0	31 July 2027

Remuneration committee report continued

Directors' share options continued

On 19 July 2023 Mark Fry exercised options over 600,000 shares with an exercise price of 36.7 pence. The market price at the date of exercise was 130 pence and therefore the gain on exercise of these options was £559,860. On 19 September 2023 Mark Fry exercised options over 400,000 shares with an exercise price of 36.7 pence. The market price at the date of exercise was 116.25 pence and therefore the gain on exercise of these options was £318.240. Mark Fry's total gain on options in the year was £878,100.

On 26 January 2024 Nick Taylor exercised options over 250,000 shares with an exercise price of 5 pence. The market price at the date of exercise was 113.5 pence and therefore the gain on exercise of these options was £271,250.

The market price of the company's shares at the end of the financial year was 109p and the range of market prices during the year was 103p to 140p.

Details of share options granted by the company at 30 April 2024 are given in note 22. None of the terms and conditions of the share options were varied in the year.

Directors' interests

The directors who held office at 30 April 2024 had the following interests in the shares of the group:

		30 April 2024		30 April 2023	
Name of director	Description of shares	**number**	**%**	number	%
Ric Traynor	Ordinary shares	**27,178,980**	**17.09**	27,178,980	17.55
Nick Taylor	Ordinary shares	**380,821**	**0.24**	261,786	0.17
Mark Fry	Ordinary shares	**1,007,220**	**0.63**	661,610	0.43
John May	Ordinary shares	**453,593**	**0.29**	383,514	0.25
Graham McInnes	Ordinary shares	**917,432**	**0.58**	917,432	0.59
Mark Stupples	Ordinary shares	**30,727**	**0.02**	30,727	0.02
Peter Wallqvist	Ordinary shares	**50,000**	**0.03**	30,000	0.02
Mandy Donald	Ordinary shares	**—**	**—**	—	—

No changes took place in the interests of directors between 30 April 2024 and 8 July 2024.

John May
Chair of the remuneration committee
8 July 2024

Directors' report

The directors present their annual report on the affairs of the group, together with the financial statements and auditor's report for the year ended 30 April 2024. The chairman's statement, strategic report, directors' remuneration report and corporate governance statement form part of the directors' report and are incorporated into it by cross-reference.

The stakeholder engagement section of the strategic report contains information in respect of the group's key stakeholders and business relationships, including employees, clients, shareholders, and the community and environment.

Directors

The names and brief biographical details of the directors are shown on pages 30 and 31.

Risks and uncertainties

The principal business risks and uncertainties to which the company is exposed are detailed on pages 27 and 28 of the strategic report.

Dividends

The directors recommend a final dividend of 2.7p (2023: 2.6p per ordinary share) to be paid on 6 November 2024 to shareholders on the register on 11 October 2024. This, together with the interim dividend of 1.3p paid on 7 May 2024 (2023: 1.2p), makes a total dividend of 4.0p for the year (2023: 3.8p).

Substantial shareholdings

On 5 July 2024, the company had been notified, in accordance with sections 791 to 828 of the Companies Act 2006, of the following interests in the ordinary share capital of the company:

Name of holder	Number	Percentage held
Close Brothers Asset Management	11,480,000	7.21
Amati Global Investors	9,715,155	6.10
OVMK Vermogensbeheer	7,221,310	4.53
Gresham House Asset Management	6,129,933	3.85
River Global Investors	6,000,000	3.77
Slater Investments	5,778,005	3.63

Other than the above holdings and those of the directors (see page 38), the board is not aware of any beneficial holdings in excess of 3% of the issued share capital of the company.

Financial instruments

The financial risk management objectives and policies of the group are shown in note 20.

Capital structure

Details of the issued share capital, together with details of the movements in share capital during the year, are shown in note 21.

Political donations

The company made no political donations during the year.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Greenhouse gas ('GHG') emissions report

Details of the group's GHG emissions for the year are detailed on page 25 of the strategic report.

Employees

The policy of the group is to recruit, promote, train and develop its people by reference to their skills, abilities and other attributes of value to their role in the business. The group considers itself to be an equal opportunities employer.

For details on employee engagement, refer to stakeholder engagement (page 20) and our sustainability statement (pages 21 to 25).

Auditor

Each of the directors at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

In accordance with section 489 of the Companies Act 2006, a resolution will be proposed at the annual general meeting that Crowe U.K. LLP be reappointed as auditor.

Approved by the board of directors and signed on behalf of the board.

John Humphrey
Company secretary
8 July 2024

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 elected to prepare the group financial statements in accordance with UK-adopted International Accounting Standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report

to the members of Begbies Traynor Group plc

Opinion

We have audited the financial statements of Begbies Traynor Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2024 which comprise:

- the Consolidated statement of comprehensive income for the year ended 30 April 2024;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company balance sheets as at 30 April 2024;
- the Consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, including a summary of accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. 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 30 April 2024 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included obtaining and reviewing management's assessment of going concern, including sensitivity analysis. Our work in testing management's assessment of going concern involved checking the mathematical accuracy of management's cash flow forecasts, and that calculations were appropriately prepared, as well as gaining an understanding of management's basis for the identification of events or conditions that may cast a significant doubt on the ability of the Group or company to continue as a going concern, and whether a material uncertainty related to going concern exists. We compared these cash flow forecasts to the covenant requirements of all loans in place at the year end, to determine whether there is any risk of these covenants being breached during the forecast period.

Furthermore, we performed specific audit procedures around going concern, whereby: we obtained an understanding of the controls in place relating to preparation, internal review and ratification of management's assessment; we compared actual financial results against prior year budgets to assess accuracy of management forecasts; we evaluated key judgements and assumptions used by management in forming their conclusions; we assessed the reasonableness of budgets and forecasts for successive financial years; and we evaluated the feasibility of management's plans in respect of going concern as well as considered whether new facts or information have become available since management made their assessment.

We also considered explicitly whether there was any evidence of management bias in the preparation of the going concern assessment. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report continued

to the members of Begbies Traynor Group plc

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

Group materiality	**FY2024**	£1,000,000	**FY2023**	£1,000,000
Group performance materiality	**FY2024**	£700,000	**FY2023**	£700,000
Parent Company materiality	**FY2024**	£750,000	**FY2023**	£750,000
Parent Company performance materiality	**FY2024**	£520,000	**FY2023**	£520,000
Basis for Group materiality	5% of adjusted profit before tax.			
Basis for Parent Company materiality	Based on net assets and restricted to 75% of Group materiality.			
Rationale for the benchmark adopted	Begbies Traynor Group plc is AIM listed, with profit making intentions and significant investors external to the Group. Adjusted profit is considered to be the key KPI for the Group and as such a profit-based materiality basis is considered appropriate. We adjusted for amortisation and transaction costs as these costs do not specifically relate to any underlying operating activities and are in line with the Directors' KPIs. The adjusted figure gives a more appropriate basis in line with a benchmark used for business decision making and used by the investor/shareholder community.			

We agreed with the Audit Committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £50,000. We also agreed to report differences below these thresholds that, in our view, were warranted on qualitative grounds.

Overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. We assessed the risk of misstatement in the financial statements whether due to fraud or error and then deigned and performed audit procedures responsive to those risks. In particular, we considered the areas where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we obtained sufficient audit evidence to be able to form an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Group and Parent Company, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

For the six significant components we identified, we performed a full scope audit of the complete financial information. For the remaining components, we performed analytical review procedures and other audit procedures on specific balances and transactions, due to their contribution towards specific financial statement line items or disclosures that we considered had the potential for the greatest impact to the group financial statements, either because of the magnitude of these or their risk profile. The audit team also tested the consolidation process and carried out analytical procedures to confirm that there were no significant risks of material misstatement of the aggregated information.

Audits of the components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

The group audit team conducted the audit of all components of the business and no component auditors were used during the audit process.

Overview of our audit approach continued

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 which 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.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of goodwill	
Refer to note 2(d) (accounting policy), and note 11 (Intangible assets). The Group carries a value of slightly over £63 million for goodwill in the balance sheet at the year end. This is material to the group and the assessment of its recoverability performed by management involves the application of a number of judgements and estimates which therefore holds the potential for bias or error. In accordance with IAS 36, an annual impairment review of goodwill (see note 11) is required at each year end. The Group's policy for the recognition, initial measurement and subsequent treatment of goodwill is set out in note 2 of these financial statements, with a summary of goodwill set out in Note 11. Management prepared impairment calculations based on the forecasts of the two cash-generating units ('CGUs') to which the goodwill belongs (the Insolvency and Property CGUs). They also applied sensitivity analysis to the assumptions used in the calculations, as set out in Note 11. Management's assessment found significant headroom and concluded no impairment was required. Due to the potential significance and subjectivity of the above judgements to the group this is deemed to be a key audit matter.	We assessed the methodology applied by management to ensure consistency with prior year calculations. We challenged management on the methodology used to identify CGUs. We evaluated the allocation of goodwill to ensure that the brought forward goodwill was correctly allocated to the insolvency CGU and the goodwill which was acquired in the year was correctly allocated to the property CGU. We checked the assumptions used within the forecast figures for the relevant CGUs. We compared these to the actual results of the CGUs in the financial year ended 30 April 2024, investigating and challenging management on any unusual or significant movements expected going forward based on our understanding of the business. We also checked for consistency with the forecasts used in the going concern assessment. We assessed the key assumptions made within the calculation. The key assumptions are considered to be the weighted average cost of capital ('WACC'), the growth rate applied to the calculations and the economic cycles assumed in the model (based on recent trends and liquidation rates) as this drives the forecast future sales volumes for the insolvency practice, which is counter-cyclical to the general economic environment in the UK. We engaged the use of our internal specialist to consider the appropriateness of management's WACC estimate, and whether it was reasonable for use in this calculation. We concluded that although there was a difference between the specialist's calculation for the insolvency CGU pre-tax WACC of 16.9% and management's of 14.5%, this did not impact our conclusion, and we concurred with management's assessment that there was no impairment. We tested the sensitivity calculations to the key assumptions to consider the headroom available.

Independent auditor's report continued

to the members of Begbies Traynor Group plc

Overview of our audit approach continued

Key audit matters continued

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue and unbilled income recognition	
Refer to note 2(k) and 2(q) (accounting policy), notes 3 and 4 (Revenue), and note 14 (Unbilled income). In line with the group's policies noted above, there are a number of revenue streams each which contain different performance obligations. We have considered the application of the Group revenue recognition policies and determined that the significant risk in the period is that of the overstatement of unbilled income recorded using stage of completion calculations at year end through the manipulation of provisions for unrecoverable amounts. Judgements are formed over a large portfolio of cases meaning individual judgements are not material; however, as a result of the large number of insolvency cases being handled by the Group, the aggregate balance of unbilled income is significant. As a result of the significant level of estimation involved in the balance there is potential for material misstatement and significant audit work was performed in this area.	We tested the operation of IT controls around timesheets and the feeds of data from timesheets into the general ledger. We tested the operating effectiveness of a key control to ensure that there is sufficient challenge placed by the group finance team on monthly unbilled income estimates and judgements, including provisions. Group finance review and challenge that key estimates and provisions against unbilled income are appropriately calculated, each quarter, by individual insolvency practitioners and fee earners. We have attended a sample of monthly finance review meetings and observed the level of challenge and follow-up of individual cases, which provides assurance over the internal control in place. A sample of year end unbilled income balances were tested through questionnaires being issued to the fee earners and then reviewing their responses and associated evidence, e.g. creditors' resolutions, property valuations and balances held in bank accounts, against the year-end position set out. This included questions on realisations and asset values held for the case. We reperformed the stage of completion calculations as at year end for a sample of cases and robustly challenged the judgements and estimates made by management in relation to the status of cases by looking at the costs to complete for each of the cases. We also challenged recoverability of the fees by looking at the value of assets held within each of the cases which supported the fee estimate. We also reviewed the unbilled revenue estimates made in the prior year in relation to their recovery for a sample of cases and assessed their accuracy based on actual outcomes. Where fees were contingent, we reviewed revenue recorded either pre or post year end and confirming the contingent event occurred in the corresponding period. We performed a high-level review of the ageing of year end unbilled income, to evaluate movements in ageing from the prior year and confirm the ageing profile is in line with our understanding of the business.

Other information

The directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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 the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 40, 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group and Parent Company operates, which we considered in this context were the Companies Act 2006, UK taxation legislation, AIM rules for Companies, anti-bribery and money laundering regulations, and UK insolvency law.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, particularly in relation to recognition of revenue. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, and sample testing on the posting of journals. We reviewed and challenged accounting estimates and assumptions used by management for the valuation of goodwill, intangible assets and unbilled revenue, in order to verify that the calculations and models were reasonable and free of biases. Additional information on the specific detailed testing performed on revenue and unbilled income recognition is given earlier in this report.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available 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.

Michael Jayson (Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester
8 July 2024

Consolidated statement of comprehensive income

for the year ended 30 April 2024

		2024			2023		
	Notes	Underlying £'000	Non-underlying £'000	Total £'000	Underlying £'000	Non-underlying £'000	Total £'000
Revenue	3	**136,728**	**—**	**136,728**	121,825	—	121,825
Direct costs		**(77,840)**	**—**	**(77,840)**	(67,700)	—	(67,700)
Gross profit		**58,888**	**—**	**58,888**	54,125	—	54,125
Other operating income		**479**	**—**	**479**	208	—	208
Administrative expenses	5	**(35,452)**	**(16,214)**	**(51,666)**	(32,512)	(14,666)	(47,178)
Operating profit		**23,915**	**(16,214)**	**7,701**	21,821	(14,666)	7,155
Finance costs	7	**(1,936)**	**—**	**(1,936)**	(1,170)	—	(1,170)
Profit before tax		**21,979**	**(16,214)**	**5,765**	20,651	(14,666)	5,985
Tax	8	**(5,710)**	**1,397**	**(4,313)**	(4,310)	1,236	(3,074)
Profit and total comprehensive income for the year		**16,269**	**(14,817)**	**1,452**	16,341	(13,430)	2,911
Earnings per share							
Basic	10			**0.9p**			1.9p
Diluted	10			**0.9p**			1.8p

The profit, comprehensive income and earnings per share is attributable to equity holders of the parent.

Consolidated statement of changes in equity

for the year ended 30 April 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2022	7,671	29,787	27,172	304	—	19,591	84,525
Total comprehensive income for the year	—	—	—	—	—	2,911	2,911
Dividends	—	—	—	—	—	(5,387)	(5,387)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	1,277	1,277
Shares issued as consideration for acquisitions	28	—	772	—	—	—	800
Shares issued for share-based payments	28	186	—	—	—	—	214
At 30 April 2023	7,727	29,973	27,944	304	—	18,392	84,340
Total comprehensive income for the year	—	—	—	—	—	1,452	1,452
Dividends	—	—	—	—	—	(5,944)	(5,944)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	566	566
Shares issued as consideration for acquisitions	15	—	360	—	—	—	375
Shares issued for share-based payments	213	543	—	—	—	(223)	533
Own shares acquired	—	—	—	—	(2,901)	—	(2,901)
At 30 April 2024	**7,955**	**30,516**	**28,304**	**304**	**(2,901)**	**14,243**	**78,421**

A description of the nature and purpose of each reserve is included within note 29.

Consolidated balance sheet

at 30 April 2024

	Notes	2024 £'000	2023 £'000
Non-current assets			
Intangible assets	11	**72,401**	73,386
Property, plant and equipment	12	**2,244**	1,993
Right of use assets	13	**11,166**	7,751
Trade and other receivables	14	**2,825**	5,200
		88,636	88,330
Current assets			
Trade and other receivables	14	**63,336**	55,550
Current tax receivable		**299**	—
Cash and cash equivalents		**5,558**	8,001
		69,193	63,551
Total assets		**157,829**	151,881
Current liabilities			
Trade and other payables	15	**(49,971)**	(42,644)
Current tax liabilities		**—**	(1,110)
Lease liabilities	16	**(2,102)**	(1,554)
Provisions	18	**(923)**	(1,006)
		(52,996)	(46,314)
Net current assets		**16,197**	17,237
Non-current liabilities			
Borrowings	17	**(7,000)**	(5,000)
Lease liabilities	16	**(9,552)**	(6,658)
Provisions	18	**(2,871)**	(2,139)
Deferred tax	19	**(6,989)**	(7,430)
		(26,412)	(21,227)
Total liabilities		**(79,408)**	(67,541)
Net assets		**78,421**	84,340
Equity			
Share capital	21	**7,955**	7,727
Share premium		**30,516**	29,973
Merger reserve		**28,304**	27,944
Capital redemption reserve		**304**	304
Own shares reserve		**(2,901)**	—
Retained earnings		**14,243**	18,392
Equity attributable to owners of the company		**78,421**	84,340

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 8 July 2024. They were signed on its behalf by:

Ric Traynor
Executive chairman

Nick Taylor
Group finance director

Consolidated cash flow statement

for the year ended 30 April 2024

	Notes	2024 £'000	2023 £'000
Cash generated by operations	24	**24,466**	23,817
Income taxes paid		**(6,715)**	(5,328)
Interest paid on borrowings		**(1,274)**	(668)
Interest paid on lease liabilities		**(751)**	(408)
Net cash from operating activities (before acquisition payments)		**15,726**	17,413
Transaction costs		**(321)**	(434)
Acquisition consideration payments (which are deemed remuneration under IFRS 3)	23	**(6,250)**	(10,599)
Net cash from operating activities		**9,155**	6,380
Investing activities			
Purchase of intangible fixed assets	11	**(21)**	(56)
Purchase of property, plant and equipment	12	**(1,432)**	(931)
Proceeds on disposal of property, plant and equipment		**—**	20
Acquisition consideration payments	23	**(3,561)**	(700)
Net cash acquired in acquisition of businesses	23	**1,593**	1,158
Net cash used in investing activities		**(3,421)**	(509)
Financing activities			
Dividends paid	9	**(5,944)**	(5,387)
Proceeds on issue of shares		**533**	213
Purchase of own shares		**(2,901)**	—
Capital element of lease payments		**(1,865)**	(2,381)
Drawdown of loans		**2,000**	—
Net cash used in financing activities		**(8,177)**	(7,555)
Net decrease in cash and cash equivalents		**(2,443)**	(1,684)
Cash and cash equivalents at beginning of year		**8,001**	9,685
Cash and cash equivalents at end of year		**5,558**	8,001

Notes to the consolidated financial statements

for the year ended 30 April 2024

1. General information

Begbies Traynor Group plc is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 340 Deansgate, Manchester M3 4LY.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2. Material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of accounting

The financial statements have been prepared in accordance with UK adopted International Accounting Standards ('IAS').

The financial statements have been prepared on the historical cost basis, except where modified by the revaluation of assets and liabilities to fair value when required by UK-adopted IAS. All accounting policies have been applied consistently throughout the current and preceding year.

Going concern

The group's business activities, together with factors likely to affect its future development, performance and position, are set out in the chairman's statement and strategic report. The financial position of the group, the principal risks and uncertainties, its cash flows, liquidity position and borrowing facilities are described in the strategic report.

Furthermore, notes 17 and 20 to the financial statements include full details of the group's borrowings, in addition to the group's objectives and policies for managing its capital, its financial risk management objectives and its exposures to credit, interest rate and liquidity risk.

At the year end the group had cash balances of £5.6m (2023: £8.0m) together with undrawn, committed borrowing facilities of £18.0m (2023: £20.0m) providing significant liquidity entering the new financial year.

In carrying out their duties in respect of going concern, the directors have completed a review of the group's current financial position and cash flow forecasts for a period of two years from the year end. This review included sensitivity analysis and stress tests to determine the potential impact on the group of reasonably possible downside scenarios. Under all modelled scenarios, the group's banking facilities were sufficient and all associated covenant measures were forecast to be met.

As a result, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Adjusted performance measures

Management believes that adjusted performance measures provide meaningful information to the users of the accounts on the operating performance of the business and are the performance measures used by the board.

All of the items excluded from adjusted results are those which arise due to acquisitions and are charged to the consolidated statement of comprehensive income in accordance with IFRS 3. They are not influenced by the day-to-day operations of the group.

Accordingly, adjusted measures of operating profit, profit before tax and earnings per share exclude, where applicable, acquisition consideration (treated as deemed remuneration under IFRS 3), negative goodwill, transaction costs and amortisation of intangible assets arising on acquisitions and related tax effects on these items. These terms are not defined terms under UK-adopted International Accounting Standards and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Begbies Traynor Group plc and entities controlled by Begbies Traynor Group plc (its subsidiaries, which include limited liability partnerships). Control is achieved if all three of the following are achieved: power over the investee, exposure to variable returns for the investee, and the ability of the investor to use its power to affect those variable returns.

The results of subsidiaries are included in the consolidated statement of comprehensive income.

The results of entities acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, the accounts of the subsidiaries are adjusted to conform to the group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. Material accounting policies continued

(c) Business combinations

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The definition of a business combination is in accordance with IFRS 3, is applied by the group when considering classification of acquisitions.

Measurement of consideration

The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred to former owners and equity instruments issued by the group in exchange for control of the acquiree.

Contingent consideration is initially measured at fair value at the date of the business combination. Any subsequent adjustment to this fair value (such as meeting an earnings target), where the consideration is payable in cash, is recognised in the consolidated statement of comprehensive income.

Acquisition consideration accounted for as deemed remuneration

In accordance with the IFRS Interpretations Committee's interpretation of paragraph B55 of IFRS 3, the cost of the business combination excludes consideration which is contingent on the selling shareholders remaining with the group.

These amounts are accounted for as deemed remuneration, are charged to the consolidated statement of comprehensive income over the period of the service obligation and disclosed as acquisition consideration within non-underlying items.

Payments paid in advance of the service obligation being delivered (prepaid deemed remuneration) are recognised as an asset within trade and other receivables. The balance is disclosed within current assets for service obligations in less than 12 months and in non-current assets for service obligations after more than 12 months. In the event that the service obligations have been delivered in advance of the payment being made, the resultant liability (acquisition consideration) is recognised within trade and other payables.

Acquisition consideration payments, which are deemed remuneration under this accounting policy, are disclosed within cash flows from operating activities within the cash flow statement.

Fair value assessment

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Where the fair value of the assets and liabilities at acquisition cannot be determined reliably in the initial accounting, these values are considered to be provisional for a period of 12 months from the date of acquisition. If additional information relating to the condition of these assets and liabilities at the acquisition date is obtained within this period, then the provisional values are adjusted retrospectively. This includes the restatement of comparative information for prior periods.

Goodwill

Goodwill arises where the cost of the business combination exceeds the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. This is recognised as an asset and is subject to impairment tests as noted in note 11.

Negative goodwill arises where the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination. This typically arises where there are post-acquisition service obligations in relation to the contractual consideration payments which result in these payments being excluded from consideration under IFRS 3. Negative goodwill is recognised immediately in the consolidated statement of comprehensive income within non-underlying items.

Transaction costs

Transaction costs are recognised in the consolidated statement of comprehensive income as incurred and separately disclosed within non-underlying items due to the nature of this expense.

(d) Intangible assets

Goodwill

Goodwill arising on consolidation is recognised as an asset.

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

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

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

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

2. Material accounting policies continued

(d) Intangible assets continued

Other intangible assets

Other intangible assets are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives. The carrying amount is reduced by any provision for impairment where necessary.

On a business combination, as well as recording separable intangible assets already recognised in the balance sheet of the acquired entity at their fair value, identifiable intangible assets that are separable or arise from contractual or other legal rights are also included in the acquisition balance sheet at fair value.

Amortisation is charged within administrative expenses in the consolidated statement of comprehensive income so as to write off the cost or valuation of assets over their estimated useful lives, on the following basis:

Software	10%–33% of cost
Intangible assets arising on acquisitions	10%–50% of fair value at acquisition

(e) Property, plant and equipment

All assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, on the following basis:

Computers	20%–33% of cost
Motor vehicles	25% on a reducing balance basis
Office equipment	15%–25% of cost
Leasehold improvements	evenly over period of lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within profit or loss for the period.

(f) Impairment of tangible and intangible assets

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

(g) Financial instruments

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

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

Trade and other receivables (excluding unbilled income and deemed remuneration)

Trade receivables are initially recognised at their transaction price, and then subsequently stated at amortised cost less impairment provision for estimated irrecoverable amounts.

The group applies the simplified approach to providing for expected credit losses ('ECLs') under IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. The group makes specific provisions for lifetime expected credit losses against trade receivables where additional information is known regarding the recoverability of those balances. For the remaining trade receivables balances, the group has established an ECL model using provision matrices for recognising ECLs on its trade receivables, based on its historical credit loss experience over a two year period, adjusted (where appropriate) for forward-looking factors.

2. Material accounting policies continued

(g) Financial instruments continued

Trade and other receivables (excluding unbilled income and deemed remuneration) *continued*

Unbilled income is excluded from the ECL model as each individual contract is subject to management review for recoverability (as detailed in note 2(k)).

Trade receivables are written off where there is no expectation of recovery.

Other receivables are initially stated at their fair value and subsequently at amortised cost.

Trade and other payables

Trade and other payables are initially stated at their fair value and subsequently at amortised cost.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis to the consolidated statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(h) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that the group will be required to settle the obligation and the amount can be reliably estimated.

(i) Professional indemnity insurance claims

Insurance cover is maintained in respect of professional negligence claims. There is judgement in the recognition and quantification of the liability associated with claims and regulatory proceedings. Recognition is based on the assessed likelihood of an individual claim's success. Where an outflow is both probable and can be estimated reliably, a liability is recognised for the best estimate of the gross liability with a separate asset recognised for any portion that the group will recover from its insurers. Where a payment is not probable or cannot be estimated reliably no liability is recognised. Gross liability is recognised in provisions and the related asset is recognised in other receivables.

(j) Own shares held by employee share trusts

The company is the sponsoring entity of and Employee Benefit Trust ('EBT') and, not withstanding the legal duties of the Trustees, the group considers that it has 'de facto' control of the EBT. The trust is accounted for as assets and liabilities of the company and included in the consolidated financial statements. The company's equity instruments held by the EBT are accounted for as if they were the company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the company's own equity by the EBT.

(k) Leases

The group enters into lease agreements for the use of buildings, motor vehicles and office equipment.

Leases are accounted for at inception by recognising a right of use asset, lease liability and dilapidations liability.

The lease liability is measured at the present value of fixed payments under the lease. IFRS 16 requires payments to be discounted using the interest rate implicit in the lease. Where that rate cannot be readily determined, which is generally the case for the group's leases, the lessee's incremental borrowing rate is used, which in practice is the group's incremental borrowing rate. This is the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The initial value of the right of use asset is the present value of the fixed payments under the lease, any initial direct costs and an estimate of dilapidation costs under the terms of the lease. Depreciation of the right of use asset is recognised in the income statement on a straight-line basis over the term of the lease. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Lease liabilities increase as a result of the finance cost charged to the income statement over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period, and the liabilities are reduced for lease payments made. Lease payments are allocated between principal and interest cost.

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

2. Material accounting policies continued

(k) Leases continued

The group has taken advantage of the exemptions available under IFRS 16 not to apply the recognition and requirements of the standard to leases with a term of 12 months or less, or leases for which the underlying asset value is low. For these leases, a charge is recognised in the income statement based on straight-line recognition of the lease payments payable on each lease, after adjustment for lease incentives received.

The group sometimes negotiates break clauses in its property leases, with the typical factor in deciding to negotiate a break clause being the length of the lease term. The carrying amounts of lease liabilities are not reduced by payments that would be avoided from exercising break clauses because, as at the point of lease inception, it was considered reasonably certain that the group would not exercise its right to exercise any break in the lease.

(l) Revenue recognition

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

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

The group recognises revenue from the following activities:

- business recovery and advisory;
- corporate finance services and finance broking;
- commercial property management;
- property consultancy including valuations; and
- asset sales.

Business recovery and advisory

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

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

On certain contracts the group may not have enforceable rights to payment at the start of the contract and revenue will not be recognised until these rights are in place. This may occur on insolvency appointments where the recovery of assets is subject to litigation or the realisation of assets is uncertain.

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

In determining the amount of revenue and the related balance sheet items (such as trade receivables, unbilled income and deferred income) to recognise in the period, management is required to form a judgement on each individual contract of the total expected fees and total anticipated costs.

These estimates and judgements may change over time as the engagement completes and this will be recognised in the consolidated statement of comprehensive income in the period in which the revision becomes known. These judgements are formed over a large portfolio of contracts and are therefore unlikely to be individually material.

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

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

Corporate finance services and finance broking

Generally, revenue is recognised at a point in time on the date of completion of the transaction or when unconditional contracts have been exchanged. Fees are typically a fixed percentage of the transaction value and are invoiced to the client (and typically payable) on completion.

Commercial property management

The group manages commercial properties for owners. The primary performance obligation relates to the ongoing management of the property and revenue is recognised over time on a straight-line basis as the services are performed in line with the contract terms. The majority of customers are invoiced quarterly in advance, with a deferred income balance recognised for services still to be delivered.

2. Material accounting policies continued

(l) Revenue recognition continued

Property consultancy (including valuations)

The group provides a wide range of property consultancy services including valuation, building consultancy, planning and insurance broking. Revenue will typically be recognised at a point in time following satisfaction of the performance obligation(s) in the contract, at which point the group is typically entitled to invoice the customer, and payment will be due.

Asset sales

The group is appointed to sell properties, businesses, machinery and other business assets for clients through auction, commercial property agency and business sales agency. Generally, revenue is recognised at a point in time on the date of completion of the asset sale or when unconditional contracts for the sale have been exchanged. Fees are typically a fixed percentage of the transaction value and are invoiced to the client (and typically payable) on completion.

Financing component

In line with IFRS 15, the group does not adjust the promised amount of consideration for the effects of a significant financing component if the group expects, at contract inception, that the period between the group transferring its product or services to a customer and when the customer pays will be one year or less.

(m) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Pensions and retirement benefits

The group operates a defined contribution scheme in the United Kingdom for all qualifying employees. The costs of the pension funding borne by the group are charged to the consolidated statement of comprehensive income as an expense as they fall due.

(o) Share-based payments

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 22.

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

(p) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid to shareholders. In the case of final dividends, this is when approved by the shareholders at the AGM.

(q) Taxation

The tax expense represents the sum of current tax and deferred tax.

Current tax

Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the 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 profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill; from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit; or if at the time of the transaction, they do not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets 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 that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated statement of comprehensive income except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

2. Material accounting policies continued

(r) Critical accounting judgements and sources of estimation uncertainty

In the process of applying the group's accounting policies, the group is required to make certain estimates, judgements and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented.

On an ongoing basis, the group evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The group believes that the estimates and judgements that have the most significant impact on the annual results under UK-adopted IAS are as set out below.

Key source of estimation uncertainty

Goodwill

The group records all assets and liabilities acquired in business combinations, including goodwill, at fair value. Goodwill is not amortised but is subject, at a minimum, to annual tests for impairment. The initial goodwill recorded and subsequent impairment review require management to make subjective judgements concerning the value in use of CGUs. This requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate to calculate present value. Details of the assumptions made are provided in note 11.

Other sources of estimation uncertainty

Intangible assets in a business combination

On the acquisition of a business the identifiable intangible assets may include brands, customer relationships, customer contracts, order books and websites. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the asset exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets, with a resultant impact on the goodwill or gain on acquisition recognised. Details in relation to current year acquisitions are in note 23.

Unbilled income

As detailed in note 2(k), in determining the amount of revenue to recognise in the period, management is required to form an estimate on each individual contract of the total expected fees and total anticipated costs.

These estimates may change over time as the engagement completes. These estimates are formed over a large portfolio of contracts and are therefore unlikely to be individually material.

Provisions and claims

As detailed in notes 2(h) and 2(i), there is judgement in the recognition and quantification of potential liabilities recognised as provisions and claims.

(s) Recently issued accounting pronouncements

UK-adopted IAS

At the date of authorisation of these financial statements, there are no amended standards and interpretations issued by the UK Endorsement Board that impact the group as they are either not relevant to the group's activities or require accounting which is consistent with the group's current accounting policies.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 April 2024 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The group has applied the following standards and amendments for the first time for its annual reporting period:

- Non-current Liabilities with Covenants (Amendments to IAS 1).

The impact of IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for periods beginning on or after 1 January 2027) will be assessed by the group to determine the impact on the consolidated statement of comprehensive income and the group's adjusted performance measures.

(t) Reclassification of prior year comparatives

Following the FRC review of the April 2023 annual report and accounts, the following prior year financial information has been reclassified:

- acquisition costs (previously reported within investing acquisition payments in the consolidated cash flow statement within investing activities, have now been reclassified as operating cash flows; and
- the financial instrument liquidity risk disclosures in note 20 (financial instruments) included deferred income within trade payables. The disclosure has been reclassified to exclude deferred income.

In addition, we have reclassified the prior year segmental reporting (note 4) to reflect current management structures.

3. Revenue

Revenue recognised in the year of £136.7m (2023: £121.8m) was exclusively from contracts with customers recognised in accordance with IFRS 15. An analysis of revenue by nature of activity and recognition method is detailed in note 4.

The contract balances recognised are:

	2024 £'000	2023 £'000
Contract assets		
Unbilled income	**45,348**	37,489
Contract liabilities		
Deferred income	**(7,403)**	(6,503)

The movement in contract assets in the year comprises £0.01m increase from acquisitions in the year and £7.8m increase due to organic growth in the year. The movement in contract liabilities in the year comprises £0.9m increase arising from formal insolvency appointments.

Revenue recognised in the year that was included in deferred income at the beginning of the year was £3.9m (2023: £3.3m).

For the group's formal insolvency contracts, which are expected to be completed within three years, the aggregate amount of the overall transaction price which has been allocated to performance obligations that are unsatisfied at 30 April 2024 is £36.3m (2023: £35.2m).

For other contracts, the group has taken the practical expedients available under IFRS 15 not to disclose any amounts relating to contracts which had an expected duration of one year or less.

4. Segmental analysis

The group's operating segments are established on the basis of the components of the group that are evaluated regularly by the chief operating decision maker (the board). The group is managed as two operating segments: business recovery and advisory, and property advisory.

The performance of the group's operating segments is assessed by the chief operating decision maker on the basis of revenue and operating profit (before non-underlying items), which is presented below. Revenue is presented by basis of recognition and by service line, in accordance with IFRS 15. The comparative numbers have been restated to reflect current management structures.

	Business recovery and advisory 2024 £'000	Property advisory 2024 £'000	Shared and central costs 2024 £'000	Consolidated 2024 £'000
Revenue				
Total revenue from rendering of professional services	**96,384**	**40,361**	**—**	**136,745**
Inter-segment revenue	**—**	**(17)**	**—**	**(17)**
Revenue from external customers	**96,384**	**40,344**	**—**	**136,728**
Over time	**85,115**	**3,546**	**—**	**88,661**
At a point in time	**11,269**	**36,798**	**—**	**48,067**
Revenue from external customers by basis of recognition	**96,384**	**40,344**	**—**	**136,728**
Business recovery and advisory	**85,115**	**—**	**—**	**85,115**
Corporate finance services and finance broking	**11,269**	**—**	**—**	**11,269**
Commercial property management	**—**	**3,546**	**—**	**3,546**
Property consultancy (including valuations)	**—**	**21,810**	**—**	**21,810**
Asset sales	**—**	**14,988**	**—**	**14,988**
Revenue from external customers by service line	**96,384**	**40,344**	**—**	**136,728**
Operating profit before non-underlying costs	**25,510**	**7,633**	**(9,228)**	**23,915**

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

4. Segmental analysis continued

	Business recovery and advisory 2024 £'000	Property advisory 2024 £'000	Unallocated corporate amounts 2024 £'000	Consolidated 2024 £'000
Balance sheet				
Assets	**131,470**	**20,502**	**5,857**	**157,829**
Liabilities	**(60,521)**	**(11,887)**	**(7,000)**	**(79,408)**
Net assets	**70,949**	**8,615**	**(1,143)**	**78,421**

Unallocated amounts include current tax assets (liabilities), cash and borrowings.

	Business recovery and advisory 2023 £'000	Property advisory 2023 £'000	Shared and central costs 2023 £'000	Consolidated 2023 £'000
Revenue				
Total revenue from rendering of professional services	89,696	32,187	—	121,883
Inter-segment revenue	—	(58)	—	(58)
Revenue from external customers	89,696	32,129	—	121,825
Over time	77,212	2,989	—	80,201
At a point in time	12,484	29,140	—	41,624
Revenue from external customers by basis of recognition	89,696	32,129	—	121,825
Business recovery and advisory	77,212	—	—	77,212
Corporate finance services and finance broking	12,484	—	—	12,484
Commercial property management	—	2,989	—	2,989
Property consultancy (including valuations)	—	18,003	—	18,003
Asset sales	—	11,137	—	11,137
Revenue from external customers by service line	89,696	32,129	—	121,825
Operating profit before non-underlying costs	24,272	5,527	(7,978)	21,821

	Business recovery and advisory 2023 £'000	Property advisory 2023 £'000	Unallocated corporate amounts 2023 £'000	Consolidated 2023 £'000
Balance sheet				
Assets	130,676	13,204	8,001	151,881
Liabilities	(51,220)	(10,210)	(6,111)	(67,541)
Net assets	79,456	2,994	1,890	84,340

Geographical segments
The group's principal operations and markets are located in the UK.

5. Profit for the year

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

	2024 £'000	2023 £'000
Depreciation of property, plant and equipment (note 12)	**1,149**	1,114
Depreciation of right of use assets (note 13)	**2,677**	2,136
Software amortisation (note 11)	**189**	184
Loss (profit) on disposal of property, plant and equipment	**44**	(13)
Loss on disposal of right of use assets	**—**	42
Staff costs (note 6)	**81,675**	74,254
Short-term lease expense	**601**	846
Impairment of receivable balances (note 14)	**638**	524
Reversal of impairment losses recognised on trade receivables (note 14)	**(134)**	(41)

Non-underlying items

The non-underlying items detailed below all arise due to acquisition accounting. Under IFRS, consideration which is contingent on the selling shareholders remaining with the group is charged to the statement of comprehensive income, rather than being capitalised within non-current assets. These contingent payments, agreed in the terms of the sale and purchase agreements, are designed to preserve the value of goodwill and customer relationships acquired in the business combinations. As a result of this treatment of contingent consideration, negative goodwill arises on a number of acquisitions which is credited to income in the year of acquisition.

	2024 £'000	2023 £'000
Acquisition consideration (deemed remuneration in accordance with IFRS 3)	**11,133**	12,304
Negative goodwill (note 23)	**(830)**	(4,298)
Transaction costs	**321**	434
Amortisation of intangible assets arising on acquisition (note 11)	**5,590**	6,226
Total non-underlying costs	**16,214**	14,666

During the year, remuneration payable to the auditors for services obtained was:

	2024 £'000	2023 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	**34**	30
Fees payable to the company's auditor for other services to the group		
— the audit of the company's subsidiaries pursuant to legislation	**125**	113
— audit related assurance services	**7**	6
Total audit fees	**166**	149

Notes to the consolidated financial statements
continued
for the year ended 30 April 2024

6. Employee costs
The full-time equivalent ('FTE') number of partners and employees are disclosed within the finance review.

The average total number of partners and employees (including executive directors) working within the group during each year was:

	2024 number	2023 number
Partners (members of the group's operating LLPs)	**90**	81
Employees	**1,109**	991
	1,199	1,072

	2024 £'000	2023 £'000
Their aggregate remuneration comprised:		
Wages, salaries and partners' compensation charged as an expense	**70,935**	63,977
Social security costs	**5,866**	5,398
Pension costs (note 27)	**4,308**	3,602
Share-based payments (note 22)	**566**	1,277
	81,675	74,254

Directors' remuneration

	2024 £'000	2023 £'000
Short-term benefits	**2,214**	2,053
Share-based payments	**35**	177
	2,249	2,230

	number	number
The average number of directors who:		
Had awards receivable in the form of shares under a long-term incentive scheme	**2**	2

No directors participated in the group's defined contribution pension scheme during either year.

7. Finance costs

	2024 £'000	2023 £'000
Interest on borrowings	**1,185**	762
Finance charge on lease liabilities	**680**	343
Finance charge on dilapidation provisions	**71**	65
Total finance costs	**1,936**	1,170

8. Tax

	2024 £'000	2023 £'000
Current tax charge	**5,158**	4,447
Adjustments in respect of prior years	**(165)**	—
Total current tax charge	**4,993**	4,447
Total deferred tax credit (note 19)	**(680)**	(1,373)
Total income tax charge	**4,313**	3,074

Corporation tax is calculated at 25% (2023: 19.5%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2024 £'000	2023 £'000
Profit before tax	**5,765**	5,985
Notional tax charge at the UK corporation tax rate of 25% (2023: 19.5%)	**1,441**	1,167
Non-deductible impact of non-underlying items	**2,656**	1,624
Adjustments in respect of prior years	**(165)**	—
Tax effect of expenses that are not deductible in determining taxable profit	**381**	283
Total tax charge reported in the consolidated statement of comprehensive income	**4,313**	3,074

9. Dividends

	2024 £'000	2023 £'000
Amounts recognised as distributions to equity holders in the year		
Interim dividend for the year ended 30 April 2023 of 1.2p (2022: 1.1p) per share	**1,854**	1,687
Final dividend for the year ended 30 April 2023 of 2.6p (2022: 2.4p) per share	**4,090**	3,700
	5,944	5,387
Amounts proposed as distributions to equity holders		
Interim dividend for the year ended 30 April 2024 of 1.3p (2023: 1.2p) per share	**2,068**	1,854
Final dividend for the year ended 30 April 2024 of 2.7p (2023: 2.6p) per share	**4,295**	4,090
	6,363	5,944

The proposed final dividend is subject to approval by shareholders at the annual general meeting in September 2024. The interim dividend for 2024 was paid on 7 May 2024 and, accordingly, has not been included as a liability in these financial statements nor as a distribution to equity shareholders.

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

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

	2024 £'000	2023 £'000
Earnings		
Profit for the year attributable to equity holders	**1,452**	2,911

	2024 number '000	2023 number '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**158,540**	155,634
Effect of:		
Share options	**5,334**	6,423
Contingent shares	**—**	233
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**163,874**	162,290

The weighted average number of ordinary shares for the purposes of basic earnings per share includes options which have vested but are yet to be exercised.

	2024 pence	2023 pence
Basic earnings per share	**0.9**	1.9
Diluted earnings per share	**0.9**	1.8

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

	2024 £'000	2023 £'000
Earnings		
Profit for the year attributable to equity holders	**1,452**	2,911
Non-underlying items	**16,214**	14,666
Tax effect of above items	**(1,397)**	(1,236)
Adjusted earnings	**16,269**	16,341

	2024 pence	2023 pence
Adjusted basic earnings per share	**10.3**	10.5
Adjusted diluted earnings per share	**9.9**	10.1

11. Intangible assets

	Goodwill £'000	Software £'000	Intangible assets arising on acquisitions £'000	Total £'000
Cost				
At 1 May 2022	60,208	2,620	41,889	104,717
Arising on acquisitions	—	36	4,433	4,469
Additions	—	20	—	20
At 30 April 2023	60,208	2,676	46,322	109,206
Arising on acquisitions	2,890	108	1,775	4,773
Additions	—	21	—	21
At 30 April 2024	**63,098**	**2,805**	**48,097**	**114,000**
Amortisation and impairment				
At 1 May 2022	—	2,079	27,331	29,410
Amortisation during the year	—	184	6,226	6,410
At 30 April 2023	—	2,263	33,557	35,820
Amortisation during the year	—	189	5,590	5,779
At 30 April 2024	**—**	**2,452**	**39,147**	**41,599**
Carrying amount				
At 30 April 2024	**63,098**	**353**	**8,950**	**72,401**
At 30 April 2023	60,208	413	12,765	73,386
At 30 April 2022	60,208	541	14,558	75,307

The carrying value of intangible assets arising on acquisitions comprises brands of £2,330,000 (2023: £2,809,000), customer relationships of £6,314,000 (2023: £8,389,000), order books of £244,000 (2023: £1,474,000) and websites of £62,000 (2023: £93,000). The remaining useful economic lives of intangible assets arising on acquisition are between one and nine years.

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. For the purposes of goodwill impairment testing the group allocates the goodwill to two CGUs: the insolvency CGU (within business recovery and advisory) and the property CGU.

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is based on a value in use calculation using cash flow projections over a five year period with a terminal value applied, including the latest one year forecast approved by the board. The one year forecast is prepared based on a combination of current market knowledge, numbers of new engagements and the pipeline of opportunities. The remaining years are based on anticipated growth rates.

Key assumptions used in value in use calculation

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

- pre-tax discount rate;
- revenue; and
- operating profit margins.

Pre-tax discount rate

A post-tax weighted average cost of capital has been calculated for each CGU, reflecting current market assessments of the time value of money for the period under review and the risks specific to each CGU.

This has been used to determine the pre-tax discount rate for each CGU which contains goodwill as follows: insolvency of 14.5% and property of 12.9%. In the prior year, goodwill was only attributable to the insolvency CGU, with a discount rate of 12.9%.

The terminal growth rates used in these forecasts is 3%.

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

11. Intangible assets continued

Revenue

Revenue assumptions in the one year forecast are based on local management forecasts. Future year revenue levels are based on historic performance and anticipated growth.

EBITDA margins

Margins in the one year forecast for each CGU are derived from local management expectations based on recent performance and cost base. Margins over the extrapolation period are in line with expectations of future developments.

Sensitivity to changes in assumptions

With regard to the assessment of value in use for the group's CGUs, the directors believe that reasonably possible changes in any of the above key assumptions would not cause the carrying value of the unit to exceed its recoverable amount.

12. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 May 2022	4,492	1,661	6,002	89	12,244
Arising on acquisitions	75	38	103	—	216
Additions	174	138	619	—	931
Disposals	—	—	—	(20)	(20)
At 30 April 2023	4,741	1,837	6,724	69	13,371
Arising on acquisitions	—	2	10	—	12
Additions	498	129	805	—	1,432
Disposals	(74)	—	(108)	—	(182)
At 30 April 2024	**5,165**	**1,968**	**7,431**	**69**	**14,633**
Depreciation and impairment					
At 1 May 2022	4,011	1,560	4,640	66	10,277
Charge for the year	175	63	863	13	1,114
Disposals	—	—	—	(13)	(13)
At 30 April 2023	4,186	1,623	5,503	66	11,378
Charge for the year	183	98	865	3	1,149
Disposals	(74)	—	(64)	—	(138)
At 30 April 2024	**4,295**	**1,721**	**6,304**	**69**	**12,389**
Carrying amount					
At 30 April 2024	**870**	**247**	**1,127**	**—**	**2,244**
At 30 April 2023	555	214	1,221	3	1,993
At 30 April 2022	481	101	1,362	23	1,967

13. Right of use assets

	Property £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost				
At 1 May 2022	14,046	2,845	577	17,468
Arising on acquisitions	871	—	—	871
Additions	3,076	490	—	3,566
Disposals	(218)	—	—	(218)
At 30 April 2023	17,775	3,335	577	21,687
Arising on acquisitions	624	—	—	624
Additions	3,841	912	715	5,468
At 30 April 2024	**22,240**	**4,247**	**1,292**	**27,779**
Depreciation and impairment				
At 1 May 2022	9,083	2,364	529	11,976
Charge for the year	1,680	408	48	2,136
Disposals	(176)	—	—	(176)
At 30 April 2023	10,587	2,772	577	13,936
Charge for the year	2,125	374	178	2,677
At 30 April 2024	**12,712**	**3,146**	**755**	**16,613**
Carrying amount				
At 30 April 2024	**9,528**	**1,101**	**537**	**11,166**
At 30 April 2023	7,188	563	—	7,751
At 30 April 2022	4,963	481	48	5,492

14. Trade and other receivables

	2024 £'000	2023 £'000
Non-current		
Acquisition consideration (prepaid deemed remuneration)	**2,825**	5,200
Current		
Trade receivables	**16,183**	14,564
Less: impairment provision	**(3,254)**	(2,912)
Trade receivables — net	**12,929**	11,652
Unbilled income	**45,348**	37,489
Other debtors and prepayments	**2,819**	2,987
Acquisition consideration (prepaid deemed remuneration)	**2,240**	3,422
	63,336	55,550

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables are non-interest bearing and are generally on 30 day terms. Refer to note 20 for disclosures on credit risk.

Notes to the consolidated financial statements
continued
for the year ended 30 April 2024

14. Trade and other receivables continued
The expected loss provision for trade receivables is calculated on the gross carrying amount of trade receivables less any specific loss allowance, and is detailed as follows:

	Days past due					
30 April 2024	**<30 days £'000**	**<60 days £'000**	**<90 days £'000**	**<180 days £'000**	**>180 days £'000**	**Total £'000**
Expected loss rate	**0.5%**	**2%**	**3%**	**7%**	**24%**	**4%**
Gross amount less specific loss provision	**7,338**	**1,787**	**675**	**2,130**	**1,539**	**13,469**
Expected credit loss provision	**29**	**28**	**18**	**155**	**368**	**598**

	Days past due					
30 April 2023	<30 days £'000	<60 days £'000	<90 days £'000	<180 days £'000	>180 days £'000	Total £'000
Expected loss rate	1%	2%	4%	10%	22%	4%
Gross amount less specific loss provision	6,201	2,262	896	1,741	898	11,998
Expected credit loss provision	29	52	35	175	199	490

Movement in the impairment provision

	2024 £'000	2023 £'000
Balance at beginning of the year	**2,912**	2,501
Amounts arising on acquisition	**19**	41
Amounts written off during the year	**(180)**	(113)
Amounts recovered during the year	**(134)**	(41)
Impairment charge in the year	**637**	524
Balance at end of the year	**3,254**	2,912

15. Trade and other payables

	2024 £'000	2023 £'000
Current		
Trade payables	**2,366**	2,055
Accruals	**12,105**	10,454
Other taxes and social security	**5,180**	5,209
Deferred income	**7,403**	6,503
Other creditors	**16,971**	14,350
Acquisition consideration (including deemed remuneration accrual)	**5,946**	4,073
	49,971	42,644

Trade creditors are non-interest bearing and are normally settled on terms agreed with suppliers.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

In addition to the contingent consideration liability recognised above, there are further liabilities based on the sale and purchase agreements which are contingent on future financial and other performance conditions, as detailed below:

	2024 £'000	2023 £'000
Recognised as a liability	**5,946**	4,073
Anticipated future liability based on current financial performance	**13,137**	16,916
Current estimates of anticipated future payments	**19,083**	20,989

The maximum potential payment (if all performance conditions are met) would be £36.4m (2023: £35.8m). Management consider the likelihood of full payment to be remote.

16. Lease liabilities

	Property £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost				
At 1 May 2022	5,808	486	51	6,345
Finance charge	324	19	—	343
Additions — new leases	2,929	490	—	3,419
Arising on acquisitions	840	—	—	840
Disposals	(46)	—	—	(46)
Lease payments	(2,211)	(427)	(51)	(2,689)
At 30 April 2023	7,644	568	—	8,212
Finance charge	618	36	26	680
Additions — new leases	3,048	912	716	4,676
Arising on acquisitions	624	—	—	624
Lease payments	(1,955)	(391)	(192)	(2,538)
At 30 April 2024	**9,979**	**1,125**	**550**	**11,654**
Current liabilities	1,328	224	550	2,102
Non-current liabilities	8,651	901	—	9,552
At 30 April 2024	**9,979**	**1,125**	**550**	**11,654**

At the balance sheet date, the group had outstanding commitments for short-term leases as follows:

	2024 £'000	2023 £'000
Aggregate undiscounted commitments for short-term leases	**80**	73

17. Borrowings

	2024 £'000	2023 £'000
Non-current		
Unsecured loans at amortised cost	**7,000**	5,000

The group's principal banking facilities at 30 April 2024 are provided by HSBC and comprise an unsecured revolving credit facility ('RCF') of £25m and an accordion facility (subject to certain conditions) of £10m which were entered into on 23 February 2024. The principal features of these borrowings are summarised as follows:

- RCF: £7.0m was drawn at 30 April 2024 (2023: £5.0m) – effective interest rate of 8.6% (2023: 6.7%); and
- accordion facility unutilised at 30 April 2024 (2023: unutilised).

The group's banking facilities are for an initial three year term until 23 February 2027, with two one-year extension options, giving a potential maturity date of February 2029.

All borrowings and cash balances are denominated in sterling. The directors consider that the carrying amount of the group's borrowings approximates to their fair value.

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

18. Provisions

	Disposal provisions £'000	Dilapidation provisions £'000	Onerous contract provisions £'000	Total £'000
At 1 May 2023	91	2,794	260	3,145
Interest expense	—	71	—	71
Additions	—	865	—	865
Arising on acquisition	—	126	—	126
Utilised	—	(194)	(219)	(413)
At 30 April 2024	**91**	**3,662**	**41**	**3,794**
Current liabilities	91	791	41	923
Non-current liabilities	—	2,871	—	2,871
At 30 April 2024	**91**	**3,662**	**41**	**3,794**

Disposal provisions include liabilities arising from warranty and onerous contract obligations relating to discontinued businesses.

The non-current elements of the provisions are all expected to be utilised in the periods up to 30 April 2034.

19. Deferred tax

The following are the deferred tax (liabilities) assets recognised by the group and movements thereon during the current and prior year:

	Goodwill £'000	Intangibles £'000	Short-term timing differences £'000	Total £'000
At 1 May 2022	(6,292)	(3,371)	1,637	(8,026)
Credit to income	—	1,213	160	1,373
Arising on acquisitions	—	(1,059)	282	(777)
At 30 April 2023	(6,292)	(3,217)	2,079	(7,430)
Credit to income	—	1,400	(720)	680
Arising on acquisitions	—	(421)	182	(239)
At 30 April 2024	**(6,292)**	**(2,238)**	**1,541**	**(6,989)**

Deferred tax on goodwill relates to acquisitions prior to 2015, which under UK GAAP resulted in a tax-deductible amortisation charge in the acquiring subsidiary, but in the IFRS consolidated accounts was not subject to amortisation.

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2024 £'000	2023 £'000
Deferred tax liabilities	**(8,639)**	(9,511)
Deferred tax assets	**1,650**	2,081
	(6,989)	(7,430)

20. Financial instruments

Financial risk management objectives and policies

The group's principal financial instruments comprise:

- cash balances and bank loans, the purpose of which is to raise finance for the group's operations; together with
- trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The group's external borrowings at the balance sheet date comprise loan facilities. All principal borrowings are on floating interest rates. The group does not seek to fix interest rates on these borrowings as the board currently considers the exposure to interest rate risk acceptable.

If interest rates had been 50 basis points higher and all other variables were held constant, the group's profit for the year ended 30 April 2024 and net assets at that date would decrease by £36,000 (2023: £42,000). This is attributable to the group's exposure to movements in interest rate on its variable rate borrowings.

Credit risk

The nature of the group's debtor balances, the time taken for payment by clients and the associated credit risk are dependent on the type of engagement.

For insolvency appointments, management are required to form judgement on each individual contract of the total expected fees and total anticipated costs. This is completed on a quarterly basis as a minimum. This assessment considers recoverability of unbilled revenue based on the underlying assets within the insolvency cases from which the fees will be drawn. Based upon this review, no further assessment of credit risk is required.

On the group's transactional activities, invoices are generally raised on completion of the transaction and typically settled from completion monies.

On other engagements, the timescale to receive payment from the date of invoice is typically longer as the group's standard 30 day payment terms (referred to in note 14) are not practically enforceable in all situations. The board does not believe that this is an indication of increased credit risk on these engagements.

Unbilled revenue is recognised by the group when consideration for recognition of revenue have been met in line with accounting policy 2(k).

Receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. Movements in the allowance for doubtful debts are disclosed in note 14. The group does not believe it is exposed to any material concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its obligations associated with its financial liabilities. The group's ability to generate cash from formal insolvency appointments is usually reliant on asset realisations. A deterioration in realisations in the short term could reduce the group's operating cash generation and increase its financing requirements. The group monitors its risks to a shortage of funds through regular cash management and forecasting and ensuring suitable headroom within its banking facilities.

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of its committed bank facilities, and giving consideration to other available sources of finance such as bank overdrafts, finance leases and hire purchase contracts.

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

The table below summarises the maturity profile of the group's financial liabilities at 30 April based on contractual payments:

	At 30 April 2024				At 30 April 2023			
	Within 1 year £'000	**Between 2–5 years £'000**	**After 5 years £'000**	**Total £'000**	Within 1 year £'000	Between 2–5 years £'000	After 5 years £'000	Total £'000
Bank borrowings	**556**	**8,018**	**—**	**8,574**	328	5,436	—	5,764
Trade and other payables (excluding deferred income)	**42,568**	**—**	**—**	**42,568**	36,141	—	—	36,141
Lease liabilities	**3,646**	**10,305**	**1,417**	**15,368**	2,082	6,935	1,678	10,695
	46,770	**18,323**	**1,417**	**66,510**	38,551	12,371	1,678	52,600

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

20. Financial instruments continued

Capital management

The primary objective of the group's capital management is to support its business and maximise shareholder value. The group manages its capital structure and makes adjustments to it in light of changes in economic conditions and business requirements. To maintain or adjust the capital structure, the group may raise additional or pay down debt finance, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The table below presents quantitative data for the components the group manages as capital:

	2024 £'000	2023 £'000
Shareholders' funds	**78,421**	84,340
Bank borrowings	**7,000**	5,000
At 30 April	**85,421**	89,340

Categories of financial instruments

The table below shows the classification of the group's financial instruments:

	2024 £'000	2023 £'000
Financial assets at amortised cost		
Trade receivables	**12,283**	11,652
Cash at bank	**5,558**	8,001
	17,841	19,653
Financial liabilities at amortised cost		
Trade and other payables (excluding deferred income)	**(42,568)**	(36,141)
Bank borrowings	**(7,000)**	(5,000)
	(49,568)	(41,141)

21. Share capital

	2024 thousand	2023 thousand	**2024 £'000**	2023 £'000
Allotted, called up and fully paid				
Ordinary shares of 5p				
At 1 May	**154,512**	153,402	**7,727**	7,671
Issue of shares for share-based payments	**4,267**	551	**213**	28
Shares issued as consideration for acquisitions	**292**	559	**15**	28
At 30 April	**159,071**	154,512	**7,955**	7,727

Ordinary shares carry no right to fixed income and each share carries the right to one vote at general meetings of the company.

22. Share-based payments

The group operated three equity-settled share-based payment arrangements in the year: a market value share option scheme and a performance share plan ('PSP') for senior management, and an HMRC approved save as you earn ('SAYE') scheme for qualifying employees.

The group recognised an expense relating to equity-settled share-based payment transactions of £566,000 (2023: £1,445,000), of which £44,000 (2023: £43,000) relates to the market value share option scheme, £407,000 (2023: £1,312,000) relates to the PSP and £115,000 (2023: £90,000) relates to the SAYE schemes.

The group also operated a cash-settled share-based payment arrangement in the year. The group recognised an expense of £375,000 (2023: £345,000) in relation to the cash-settled share-based payment arrangement.

22. Share-based payments continued

Details of movements in share options during the current and prior year are as follows:

	2024		2023	
	Number of share options thousand	**Weighted average exercise price pence**	Number of share options thousand	Weighted average exercise price pence
Outstanding at 1 May	**9,805**	**33**	10,316	37
Granted during the period	**6,140**	**5**	918	5
Forfeited during the period	**(539)**	**55**	(269)	5
Lapsed during the period	**—**	**—**	(182)	5
Exercised during the period	**(4,945)**	**24**	(978)	59
Outstanding at 30 April	**10,461**	**29**	9,805	33
Exercisable at 30 April	**1,903**	**21**	1,500	46

The weighted average share price at the date of exercise for options exercised in the year was 121p.

The table below shows details in relation to options outstanding at the period end:

		2024		2023	
Scheme	Exercise price pence	**Number of share options thousand**	**Contractual life remaining years**	Number of share options thousand	Contractual life remaining years
Share option scheme 2013	37	**—**	**—**	1,000	0.5
Share option scheme 2017	63	**283**	**3.5**	500	4.5
Share option scheme 2019	88	**1,500**	**5.5**	1,500	6.5
PSP 2020	5	**1,024**	**6.2**	4,006	7.2
SAYE scheme 2020	72	**206**	**0.2**	1,356	1.2
PSP 2021	5	**390**	**6.7**	525	7.7
SAYE scheme 2022	110	**918**	**2.2**	918	3.2
PSP 2024	5	**6,140**	**3.5**	—	—

The fair value of the PSP granted in the year was calculated using the Black-Scholes option pricing model with the following assumptions:

Grant date	PSP 2024
Share price at grant date (p)	119
Exercise price (p)	5
Vesting period (years)	4
Time to expiry (years)	9
Expected volatility (%)	30
Risk free rate (%)	4
Expected dividend yield (%)	3
Fair value per option (p)	100

The expected volatility has been determined based on historical volatility of the group's share price in line with the vesting period of the option. The risk free rate is based on UK treasury issued bonds of a term consistent with the option life. The fair value is spread over the vesting period of the options.

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

23. Acquisitions

The strategic report details the group's strategy to target value-accretive acquisitions to enhance shareholder value. During the year the group completed the acquisitions below.

Banks Long & Co

On 3 May 2023 the group acquired the entire issued share capital of BLC No1 Limited, which traded as Banks Long & Co, a chartered surveying practice operating in Lincolnshire and Humberside.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired			
Intangible assets	—	537	537
Investments	481	(481)	—
Goodwill	222	(222)	—
Property, plant and equipment	46	(36)	10
Right of use asset	—	133	133
Trade and other receivables	478	(64)	414
Cash and cash equivalents	1,475	—	1,475
Trade and other payables	(327)	—	(327)
Corporation tax	(215)	—	(215)
Lease liabilities	—	(133)	(133)
Provisions	—	(70)	(70)
Deferred tax	(6)	(88)	(94)
Total identifiable assets	2,154	(424)	1,730
Satisfied by:			
Acquisition consideration under IFRS 3			1,135
Negative goodwill			595
Acquisition consideration accounted for as deemed remuneration under IFRS 3:			
Initial consideration:			
Cash consideration			1,125
Equity instruments issued			375
			1,500
Contingent consideration:			
Earn out			1,500
			3,000
Cash flows arising on acquisition			
Acquisition consideration payments under IFRS 3			1,135
Acquisition consideration payments which are deemed remuneration			1,125
Less: cash and cash equivalents acquired			(1,475)
Settlement of pre-acquisition liabilities payments from opening cash			378
			1,163

Fair value adjustments of £537,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 11.

23. Acquisitions continued

Banks Long & Co continued

As detailed above, elements of the consideration payable for this acquisition requires post-acquisition service obligations to be performed by the selling shareholders over a five year period. These amounts are accounted for as deemed remuneration (see note 2(c)).

Transaction costs of £51,000 have been charged to the statement of comprehensive income within non-underlying items.

The acquisition contributed £2,495,000 of revenue and £400,000 to the group's operating profit for the period between the date of acquisition and the balance sheet date.

Andrew Forbes

On 7 November 2023 the group acquired the entire issued share capital of Andrew Forbes Limited, a firm of chartered surveyors operating in the South West of England and South Wales. The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired			
Intangible assets	—	291	291
Property, plant and equipment	26	(26)	—
Right of use asset	—	113	113
Trade and other receivables	253	(1)	252
Cash and cash equivalents	311	—	311
Trade and other payables	(392)	(201)	(593)
Corporation tax	(99)	—	(99)
Lease liabilities	—	(113)	(113)
Provisions	—	(56)	(56)
Deferred tax	—	(2)	(2)
Total identifiable assets	99	5	104
Satisfied by:			
Acquisition consideration under IFRS 3			—
Negative goodwill			104
Acquisition consideration accounted for as deemed remuneration under IFRS 3:			
Initial consideration:			
Cash consideration			500
Provisional cash free debt free adjustment			23
			523
Contingent consideration:			
Earn out			500
			1,023
Cash flows arising on acquisition			
Acquisition consideration payments which are deemed remuneration			523
Less: cash and cash equivalents acquired			(311)
Settlement of pre-acquisition liabilities payments from opening cash			92
			304

Fair value adjustments of £291,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 11.

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

23. Acquisitions continued

Andrew Forbes continued

As detailed above, the consideration payable for this acquisition requires post-acquisition service obligations to be performed by the selling shareholders over a five year period. These amounts are accounted for as deemed remuneration (see note 2(c)).

Transaction costs of £34,000 have been charged to the statement of comprehensive income within non-underlying items.

The acquisition contributed £750,000 of revenue and £100,000 to the group's operating profit for the period between the date of acquisition and the balance sheet date.

SDL Auctions

On 11 December 2023 the group acquired the entire issued share capital of SDL Auctions Limited, which trades as SDL Property Auctions, a national property auctions business based in Nottingham. The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired			
Intangible assets	—	611	611
Property, plant and equipment	49	(49)	—
Software intangibles	108	—	108
Right of use asset	—	378	378
Trade and other receivables	177	(9)	168
Cash and cash equivalents	747	—	747
Trade and other payables	(1,173)	(250)	(1,423)
Corporation tax	3	—	3
Lease liabilities	—	(378)	(378)
Deferred tax	—	(76)	(76)
Total identifiable assets	(89)	227	138
Satisfied by:			
Consideration under IFRS 3			
Initial consideration:			
Cash consideration			2,500
Provisional cash free debt free adjustment			(222)
			2,278
Contingent consideration:			
Earn out			750
			3,028
Goodwill			2,890
Cash flows arising on acquisition			
Acquisition consideration payments under IFRS 3			2,278
Less: cash and cash equivalents acquired			(747)
Settlement of pre-acquisition liabilities payments from opening cash			470
			2,001

Fair value adjustments of £611,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 11.

Transaction costs of £63,000 have been charged to the statement of comprehensive income within non-underlying items.

The acquisition contributed £1,747,000 of revenue and £272,000 to the group's operating profit for the period between the date of acquisition and the balance sheet date.

23. Acquisitions continued

Other acquisitions

In September 2023 the group acquired the trade and assets of a South Wales insolvency practice (Jones, Giles and Clay) for a maximum consideration of £0.2m. In addition, in March 2024, the group acquired the trade and assets of a London-based insolvency practitioner, for maximum consideration of £0.3m.

The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired			
Intangible assets	—	336	336
Trade and other receivables	183	(35)	148
Trade and other payables	(63)	(30)	(93)
Deferred tax	—	(67)	(67)
Total identifiable assets	120	204	324
Satisfied by:			
Consideration under IFRS 3			
Initial cash consideration			10
Contingent consideration			183
			193
Negative goodwill			131
Consideration accounted for as deemed remuneration under IFRS 3:			
Contingent consideration			200
			200
Cash flows arising on acquisition			
Acquisition consideration payments			10

Fair value adjustments of £336,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 11.

Summary of cash flows arising from acquisitions

	2024 £'000	2023 £'000
Acquisition consideration payments (which are deemed remuneration under IFRS 3)		
Initial payments	**1,648**	5,547
Contingent consideration payments	**4,602**	5,052
	6,250	10,599
Acquisition consideration payments (which are investing activities under IFRS 3)		
Initial payments	**3,423**	375
Contingent consideration payments	**138**	325
	3,561	700
Net cash and cash equivalents acquired and post acquisition payments from opening debt	**(1,593)**	(1,158)
Total cash flows arising from acquisitions	**8,218**	10,141

If the acquisitions had been completed on the first day of the financial year, the group revenues for the period would have been £140.3m and group profit before tax would have been £6.3m.

The amounts recognised above are provisional estimates. There have been no measurement periods adjustments to acquisitions from prior years.

Notes to the consolidated financial statements
continued

for the year ended 30 April 2024

24. Reconciliation to the cash flow statement

	2024 £'000	2023 £'000
Profit for the year	**1,452**	2,911
Adjustments for:		
Tax	**4,313**	3,074
Finance costs	**1,936**	1,170
Depreciation of property, plant & equipment	**1,149**	1,114
Depreciation of right of use assets	**2,677**	2,136
Software amortisation	**189**	184
Non-underlying operating costs	**16,214**	14,666
Loss (profit) on disposal of fixed assets	**44**	(13)
Loss on disposal of right of use asset	**—**	42
Share-based payment expense	**566**	1,277
Operating cash flows before movements in working capital	**28,540**	26,561
Increase in receivables (excluding deemed remuneration)	**(7,894)**	(4,656)
Increase in payables (excluding deemed remuneration liabilities)	**4,081**	2,481
Decrease in provisions	**(261)**	(569)
Cash generated by operations	**24,466**	23,817

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

25. Reconciliation of movement in net cash

	Cash and cash equivalents £'000	Non-current borrowings £'000	Net cash £'000
At 1 May 2023	8,001	(5,000)	3,001
Cash flows	(4,036)	(2,000)	(6,036)
Net cash and cash equivalents acquired (note 23)	1,593	—	1,593
At 30 April 2024	**5,558**	**(7,000)**	**(1,442)**

26. Contingent liabilities

As disclosed in note 15, the group has contingent consideration payable in respect of acquisitions.

The group is from time to time involved in legal actions that are incidental to its operations. Currently the group is not involved in any legal actions that would significantly affect the financial position or profitability of the group.

27. Pensions

The group operates defined contribution pension schemes for all qualifying employees.

The total cost charged to income of £4,308,000 (2023: £3,602,000) represents contributions payable to these schemes by the group. As at 30 April 2024, contributions of £446,000 (2023: £436,000) in respect of the current year, which were not yet due for payment, had not been paid over to the schemes.

28. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Trading transactions

During the year the following transactions, all of which were on arm's length terms and in the ordinary course of business, occurred in which directors have an interest:

The group has a lease agreement with William Nelson Limited for its regional office in Leigh-on-Sea, Essex. Mark Fry has a one third ownership interest in William Nelson Limited. Rent and service charges paid on this property by entities within the group in the year totalled £52,000 (2023: £30,000). At 30 April 2024 £nil (2023: £nil) was payable in respect of this transaction.

The group has an annual rolling contract with Red Flag A!ert LLP, an entity in which Ric Traynor has joint control, providing full access to the database and sole marketing rights for the publication of Red Flag quarterly statistics and was charged a fee of £150,000 for the year (2023: £150,000). In addition, there were incidental services provided by Red Flag during the year totalling £6,000 (2023: £9,600). At 30 April 2024 £25,500 was payable in respect of these transactions (2023: £13,000).

Key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out in the remuneration committee report on page 36.

29. Reserves

The following describes the nature and purpose of each reserve within owners' equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Formation of the group in 2004, and premium for shares issued on acquisitions in accordance with Companies Act requirements.
Capital redemption reserve	Repurchase of own share capital.
Own shares reserve	Repurchase of shares for future distribution by the group's employee benefit trust.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Company balance sheet

at 30 April 2024

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investment in subsidiaries	4	**77,201**	79,701
Current assets			
Cash and cash equivalents		**93**	—
Trade and other receivables	5	**37,363**	40,348
Creditors: amounts falling due within one year			
Trade and other payables	6	**(4,720)**	(2,741)
Net current assets		**32,736**	37,607
Total assets less current liabilities		**100,937**	117,308
Creditors: amounts falling due after more than one year			
Trade and other payables	6	**(12,331)**	(18,861)
Net assets		**97,606**	98,447
Capital and reserves			
Called-up share capital	7	**7,955**	7,727
Share premium account		**30,516**	29,973
Merger reserve		**28,304**	27,944
Capital redemption reserve		**304**	304
Own shares reserve		**(2,901)**	—
Profit and loss account		**33,428**	32,499
Shareholders' funds		**97,606**	98,447

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year. Begbies Traynor Group plc reported a profit for the financial year ended 30 April 2024 of £6,530,000 (2023: £3,513,000).

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 8 July 2024. They were signed on its behalf by:

Ric Traynor
Executive chairman

Nick Taylor
Group finance director

Company statement of changes in equity

for the year ended 30 April 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2022	7,671	29,787	27,172	304	—	33,096	98,030
Profit for the year	—	—	—	—	—	3,513	3,513
Dividends	—	—	—	—	—	(5,387)	(5,387)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	1,277	1,277
Shares issued as consideration for acquisitions	28	—	772	—	—	—	800
Shares issued for share-based payments	28	186	—	—	—	—	214
At 30 April 2023	7,727	29,973	27,944	304	—	32,499	98,447
Profit for the year	—	—	—	—	—	6,530	6,530
Dividends	—	—	—	—	—	(5,944)	(5,944)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	566	566
Shares issued as consideration for acquisitions	15	—	360	—	—	—	375
Shares issued for share-based payments	213	543	—	—	—	(223)	533
Own shares acquired	—	—	—	—	(2,901)	—	(2,901)
At 30 April 2024	**7,955**	**30,516**	**28,304**	**304**	**(2,901)**	**33,428**	**97,606**

Notes to the company financial statements

for the year ended 30 April 2024

1. Significant accounting policies

Basis of accounting

The financial statements of Begbies Traynor Group plc have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, and the Companies Act 2006.

The functional currency of the company is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment. The carrying value of fixed asset investments is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Share-based payments

The fair value of services received in exchange for the grant of options is recognised as an expense over the vesting period in accordance with FRS 102. Options are valued using the Black-Scholes option pricing model. Further details are provided in note 22 of the consolidated financial statements.

Own shares held by employee share trusts

The company is the sponsoring entity of and employee benefit trust ('EBT') and, not withstanding the legal duties of the trustees, the company considers that it has 'de facto' control of the EBT. The trust is accounted for as assets and liabilities of the company and included in the consolidated financial statements. The company's equity instruments held by the EBT are accounted for as if they were the company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the company's own equity by the EBT.

Critical accounting judgements and key sources of uncertainty

In the process of applying the company's accounting policies, the company is required to make certain estimates, judgements and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented.

On an ongoing basis, the company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The directors do not consider there to be any critical accounting judgements or key sources of uncertainty.

FRS 102 exemption

Begbies Traynor Group plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements in relation to share-based payments, presentation of a cash flow statement and remuneration of key management personnel.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by its shareholders.

2. Auditor's remuneration

The auditor's remuneration for audit and other services is disclosed in note 5 to the consolidated financial statements.

3. Staff costs

The company has seven employees (2023: seven employees).

	2024 £'000	2023 £'000
Their aggregate remuneration comprised:		
Salaries	**960**	927
Social security costs	**179**	135
Pension costs	**17**	15
	1,156	1,077

4. Investment in subsidiaries

	£'000
Cost and net book value	
At 1 May 2023	79,701
Amendment to estimated consideration amounts	(2,500)
At 30 April 2024	**77,201**

Details of subsidiary entities are set out below. These undertakings are included in the consolidated group financial statements and are 100% controlled. Companies are listed under their registered office.

Subsidiary undertaking	Nature of business	Country of incorporation
340 Deansgate, Manchester M3 4LY		
Begbies Traynor Limited[1]	Holding company	England and Wales
BTG Consulting Limited[1]	Holding company	England and Wales
Begbies Traynor International Limited[1]	Holding company	England and Wales
Begbies Traynor (Central) LLP	Insolvency	England and Wales
Begbies Traynor (London) LLP	Insolvency	England and Wales
Begbies Traynor (SY) LLP	Insolvency	England and Wales
Springboard Corporate Finance LLP	Corporate finance	England and Wales
BTG Corporate Finance LLP	Corporate finance	England and Wales
BTG Advisory LLP	Financial consulting	England and Wales
BTG Global Advisory Limited	International network organisation	England and Wales
BTG Corporate Solutions Limited	Insolvency	England and Wales
Midlands Asset Finance Limited	Finance broking	England and Wales
Mantra Consultancy & Capital Limited	Finance broking	England and Wales
Mantra Insurance Brokers Limited	Insurance brokerage	England and Wales
MAF Property Limited[1]	Dormant	England and Wales
Asset Finance Compared Limited	Dormant	England and Wales
Mantra Capital Holdings Limited	Dormant	England and Wales
David Rubin & Partners Limited[1]	Insolvency	England and Wales
Begbies Traynor (Guernsey) Limited	Insolvency	Guernsey
Begbies Traynor (Jersey) Limited	Insolvency	Jersey
Begbies Traynor (Gibraltar) Limited	Insolvency	Gibraltar
Begbies Traynor (B.V.I) Limited	Insolvency	British Virgin Islands
CVR Global (Cyprus) Limited	Insolvency	Cyprus
Begbies Traynor (Isle of Man) Limited	Insolvency	Isle of Man
CV Business Rescue Limited	Dormant	England and Wales
Business Credit Management (UK) Limited	Dormant	England and Wales
Insolvency Advice Limited[1]	Dormant	England and Wales
Begbies Traynor Legal Services LLP	Dormant	England and Wales
BTG Tax LLP	Dormant	England and Wales
Eddisons Commercial (Holdings) Limited[1]	Property consultancy	England and Wales
Eddisons Commercial Limited	Property consultancy	England and Wales
Eddisons Commercial (Property Management) Limited	Property consultancy	England and Wales
Eddisons Insurance Services Limited	Insurance brokerage	England and Wales
Pugh & Company Limited	Auctioneers	England and Wales

Notes to the company financial statements continued

for the year ended 30 April 2024

4. Investment in subsidiaries continued

Subsidiary undertaking	Nature of business	Country of incorporation
Ernest Wilsons & Co Limited	Property consultancy	England and Wales
Daniells Harrison Surveyors LLP	Property consultancy	England and Wales
Budworth Hardcastle Limited	Property consultancy	England and Wales
Ernest Wilson's (West Yorkshire) Limited	Dormant	England and Wales
Hargreaves Newberry Gyngell Limited	Dormant	England and Wales
Eddisons Holdings Limited	Dormant	England and Wales
BSMH Limited	Dormant	England and Wales
BSMSR Limited	Dormant	England and Wales
The London Silver Vaults and Chancery Lane Safe Deposit Company Limited	Management company	England and Wales
Theauctionpeople.co Limited	Dormant	England and Wales
BLC No1 Limited	Holding company	England and Wales
Banks Long & Co Limited	Property consultancy	England and Wales
Andrew Forbes Limited	Property consultancy	England and Wales
SDL Auctions Limited	Auctioneers	England and Wales

1 Interest is controlled by subsidiary undertakings, except where marked where shares are held directly by Begbies Traynor Group plc

All shareholdings relate to ordinary shares.

The directors of the company are of the opinion that the value of the investments in subsidiaries, as underpinned by their membership benefits in the operating entities of the group, is not less than the cost of those investments.

The following subsidiary undertakings have claimed exemption from audit under section 479A of the Companies Act 2006:

Subsidiary undertaking
BTG Global Advisory Limited
BTG Corporate Solutions Limited
BTG Corporate Finance LLP
Springboard Corporate Finance LLP
MAF Property Limited
Midlands Asset Finance Limited
Ernest Wilsons & Co Limited
Pugh & Company Limited
Eddisons Holdings Limited
David Rubin & Partners Limited
Mantra Consultancy & Capital Limited
Mantra Insurance Brokers Limited
Daniells Harrison Surveyors LLP
Budworth Hardcastle Limited
Mantra Capital Holdings Limited
Begbies Traynor (Gibraltar) Limited
Begbies Traynor (Jersey) Limited
Begbies Traynor (Guernsey) Limited
BLC No1 Limited
Banks Long & Co Limited
Andrew Forbes Limited
SDL Auctions Limited

5. Trade and other receivables

	2024 £'000	2023 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	**37,292**	40,314
Other debtors	**71**	34
	37,363	40,348

6. Trade and other payables

	2024 £'000	2023 £'000
Amounts falling due within one year		
Deferred consideration	**4,720**	2,741
Amounts falling due after more than one year		
Deferred consideration	**12,331**	18,861

The company has no financial instruments other than those shown as financial liabilities above, all of which are denominated in sterling. The directors consider the fair values of the financial instruments approximate to their book values and that the main risk to the company arising from financial instruments is interest rate risk, which is kept under review.

7. Share capital

	2024 thousand	2023 thousand	2024 £'000	2023 £'000
Allotted, called up and fully paid				
Ordinary shares of 5p				
At 1 May	**154,512**	153,402	**7,727**	7,671
Issue of shares for share-based payments	**4,267**	551	**214**	28
Shares issued as consideration for acquisitions	**292**	559	**14**	28
At 30 April	**159,071**	154,512	**7,955**	7,727

Ordinary shares carry no right to fixed income and each share carries the right to one vote at general meetings of the company.

The company has issued share options as set out in note 22 to the consolidated financial statements.

Officers and professional advisors

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R W Traynor
E N Taylor
M R Fry
R G McInnes
J M May
M Stupples
P W Wallqvist
M Donald

Secretary
J A Humphrey

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Registrar
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