21 July 2020

Begbies Traynor Group plc

Final results
for the year ended 30 April 2020

Begbies Traynor Group plc (the 'company' or the 'group'), the business recovery, financial advisory and property services consultancy, today announces its final results for the year ended 30 April 2020.

Financial highlights

	2020 £m	2019 £m
Revenue	70.5	60.1
Adjusted profit before tax*	9.2	7.0
Profit before tax	2.9	3.3
Adjusted basic EPS** (p)	5.7	4.8
Basic EPS (p)	0.7	2.0
Proposed total dividend (p)	2.8	2.6
Net debt	2.8	6.0

** Profit before tax £2.9m (2019: £3.3m) plus transaction costs £3.2m (2019: £1.3m) and amortisation of intangible assets arising on acquisitions £3.1m (2019: £2.4m)*
*** See reconciliation in note 5*

Operational highlights

- Strong financial performance with revenue growth of 17% (5% organic, 12% acquired)
- All areas of the group performed well:
    - Business recovery: market share (by volume) increased to 10% (2019: 8%) and contributions from current and prior year acquisitions
    - Financial advisory: increase in corporate finance deals compared with the prior year and contribution from current year acquisition
    - Property advisory and transactional services: performance in line with last year, having absorbed COVID impact, reflecting breadth of services and expertise
- Strong cash flow and funds from the July 2019 share placing enabled reduction in net debt (to £2.8m) and leverage together with the completion of three acquisitions
- Recommended 8% increase in the total dividend for the year to 2.8p (2019: 2.6p), the third consecutive year of dividend growth

COVID-19 impact and response

- Business recovery and financial advisory continued to be appointed on and progress cases, realise assets and complete transactions as usual
- Majority of property advisory and transactional services teams able to operate remotely; however, commercial property agency and valuations together with business sales agency were disrupted as the lockdown paused activities
- No claims made under the Government's coronavirus support schemes

Current trading and outlook

- Business recovery and financial advisory start the year in a strong position:
    - Increased order book, benefit of acquisitions and investment
    - Anticipate increase in market activity levels as Government support measures withdrawn
- Property advisory and transactional services:
    - Majority of service lines operating as expected, including increased CIF funding awards for education team as recently announced
    - Service lines impacted by lockdown have seen increased instruction levels through May, June and July
    - Insolvency-focused areas expected to benefit in line with any increase in insolvencies
- We will provide a further update on activity levels at the time of our annual general meeting in September

Commenting on the results, Ric Traynor, Executive Chairman of Begbies Traynor Group, said:

"I am pleased to report a year of strong financial performance with growth in revenue and earnings delivered by our organic and acquisitive strategy.

"Our recovery and advisory teams start the new financial year in a strong position to deliver results ahead of last year. This reflects an increased order book, together with the benefit of our recent acquisitions and organic investment and an expectation of an increase in market insolvency levels once the short-term Government support measures for the economy are removed.

"In our property and transactional teams, we have seen encouraging improvements in those service lines impacted by the lockdown and we anticipate further recovery in performance over the remainder of the year. Activity levels for our other property teams have remained robust.

"With our mix of service lines and activities, combined with our strong financial position, we are well placed to continue delivering medium to long-term growth. We continue to progress acquisition and organic investment opportunities given our strong balance sheet, cash generative businesses and counter-cyclical focus."

There will be a webcast or conference call for analysts today at 9:30am. Please contact Florence Mayo via begbies@mhpc.com or on 020 3128 8572 if you would like to receive details.

Enquiries please contact:

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Notes to editors

Begbies Traynor Group plc is a leading business recovery, financial advisory and property services consultancy, providing services nationally from a comprehensive network of UK locations. The group has 740 staff and partners and the professional staff include licensed insolvency practitioners, accountants, chartered surveyors and lawyers.

The group's services include:

- Corporate and personal insolvency - we handle the largest number of corporate insolvency appointments in the UK, principally serving the mid-market and smaller companies.
- Financial advisory - business and financial restructuring, debt advisory, forensic accounting and investigations, due diligence and transactional support.
- Corporate finance - buy and sell side support on corporate transactions.
- Valuations - valuation of property, businesses, machinery and business assets.
- Property consultancy, planning and management - building consultancy, commercial property management, specialist insurance and vacant property risk management, transport planning and design.
- Transactional services - sale of property, machinery and other business assets through physical and online auctions; business sales agency; commercial property agency focussed on northern and eastern England.

Further information can be accessed via the group's website at www.begbies-traynorgroup.com/investor-relations.

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report a year of strong financial performance with growth in revenue and earnings. This reflects the benefit of investment in both organic development and acquisitions in line with our strategy.

Following the introduction of the COVID-19 lockdown restrictions in the final six weeks of our financial year, the majority of the group was able to continue to provide advice and support to our clients by successfully working remotely, albeit a minority of our service lines within property advisory and transactional services were disrupted.

Our business recovery and financial advisory activities performed well in the year with an increase in our market share in insolvency to 10% (by volume), a strong performance from our advisory team, and contributions from current and prior year acquisitions.

Our property advisory and transactional service teams delivered a solid financial performance for the year with profits in line with last year, having absorbed the impact of the COVID lockdown, reflecting the breadth of services and expertise in the division. The investments in recent years leave the division well-placed as commercial activities resume following the easing of lockdown restrictions.

The group has continued to generate strong cash flows in the year, which together with funds raised from a share placing in July 2019, has enabled the group to reduce its net debt, complete three acquisitions, and propose increasing the dividend for the year.

Overall, the group is in a very strong position with an increase in our scale and capabilities and a breadth of service lines which generate good margins and are highly cash generative. We have a strong balance sheet with a substantial reduction in leverage in the year and significant headroom in our committed bank facilities, providing resources for organic and acquisitive investment.

The increased scale of the group's activities with a focus on counter-cyclical services and our strong financial position leaves the group well placed to continue our track record of revenue and profit growth.

RESULTS

IFRS 16 'Leases' was adopted from the start of the financial year. All comparative figures included within this announcement have been restated in accordance with the new standard, which has been adopted on a fully retrospective basis. Further details are included in note 1 to this statement.

Group revenue in the year increased by 17% to £70.5m (2019: £60.1m), 5% of which was organic. Adjusted* profit before tax** increased by 31% to £9.2m (2019: £7.0m). Statutory profit before tax was £2.9m (2019: £3.3m).

Adjusted*** basic earnings per share increased by 19% to 5.7p (2019: 4.8p). Basic earnings per share was 0.7p (2019: 2.0p).

Net debt decreased to £2.8m (2019: £6.0m) with leverage (calculated as net debt to EBITDA****) improving to 0.3 times (2019: 0.7 times).

** The board uses adjusted performance measures to provide meaningful information on the operating performance of the business. The items excluded from our adjusted results are those which arise due to acquisitions in accordance with IFRS 3. They are not influenced by the day-to-day operations of the group.*

*** Profit before tax £2.9m (2019: £3.3m) plus transaction costs £3.2m (2019: £1.3m) and amortisation of intangible assets arising on acquisitions £3.1m (2019: £2.4m)*

**** See reconciliation in note 5*

***** Calculated as net debt to operating profit before transaction costs, amortisation, depreciation on tangible assets, software amortisation and after finance charge on lease liabilities.*

COVID-19 IMPACT AND RESPONSE

Our response to the COVID-19 pandemic focused on the health, safety and well-being of our people and followed HM Government's advice on working practices. We quickly enabled the majority of our staff to work remotely and securely from the commencement of lockdown. The ability to operate remotely has been enhanced by investments made to improve the digital capabilities of the group, including the ability to host on-line auctions for the sale of assets, electronic document management solutions, a robust and flexible IT infrastructure and ongoing investment in our digital marketing activities.

The impact of the lockdown was as follows:

- Business recovery and advisory continued to be appointed on and progress cases, realise assets and complete transactions as usual.
- The majority of property advisory and transactional service lines have been able to operate remotely. However, commercial property agency and valuations together with the business sales agency service lines were disrupted as the lockdown paused activities, which reduced revenue in the financial year by c.£1m, partially mitigated by £0.4m of cost reductions.

The group's operating cash generation remained robust throughout the lockdown period and the group has maintained low levels of debt and a strong financial position. As a result of this we have not made any claims under the Government's coronavirus support schemes.

DIVIDEND

The board is pleased to recommend (subject to shareholder approval at the company's annual general meeting scheduled for 17 September 2020) an 8% increase in the total dividend for the year to 2.8p (2019: 2.6p), representing our third consecutive year of dividend growth. This comprises the interim dividend already paid of 0.9p (2019: 0.8p) and a proposed final dividend of 1.9p (2019: 1.8p).

This reflects the board's confidence in the group's financial position and the resilience of our financial performance. We remain committed to our long-term progressive dividend policy, which takes account of the market outlook, and the group's earnings growth and investment plans.

The final dividend will be paid on 5 November 2020 to shareholders on the register on 9 October 2020, with an ex-dividend date of 8 October 2020.

STRATEGY

We believe that the execution of our strategy will continue to enhance shareholder value through the delivery of strong, sustainable financial performance.

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 value-accretive acquisitions in any of the following market segments:

- insolvency to increase market share;
- property services to enhance expertise or geographical coverage; and
- complementary professional services businesses to continue the development of the group and its service offering.

BOARD APPOINTMENT

In December 2019, Peter Wallqvist joined the board as a non-executive director. Peter has spent his career in information technology and in 2010 he co-founded and became CEO at the AI company RAVN Systems, which was acquired in May 2017 by iManage, a leading vendor of document management systems for the legal and professional services industries. Following the acquisition, Peter served as VP of Strategy and Global Practice Director, specifically to serve the professional services sector, until he left the business in October 2019.

Peter brings significant experience of the use of information technology in professional services firms, in the context of improving working practices and strategic business development.

PEOPLE

I would like to thank all of our partners and staff for their valued contribution to the business over the course of this financial year and in particular their commitment and flexibility during the uncertain period of recent months, when we have continued to provide excellent service to our clients in very different circumstances. Our success as a business is reliant on the quality of advice and service which is delivered to our clients by our people.

CURRENT TRADING AND OUTLOOK

Having started our new financial year six weeks into the lockdown, we are currently seeing the unwinding of these restrictions and resulting increases in economic activity.

In the short term, the Government's financial support measures have helped many companies to continue trading despite the extreme economic downturn caused by the lockdown. Nationally the Insolvency Service reported that numbers of corporate insolvencies dropped in the days immediately after the UK lockdown was applied, and in most cases have not yet returned to pre-lockdown levels. We anticipate that as the support measures are removed in the coming months there will be a significant increase in corporate distress, which is likely to lead to increased insolvencies.

Our recovery and advisory teams start the financial year in a strong position to deliver results ahead of last year. This reflects an increased order book of committed future insolvency revenue, together with the benefit of our recent acquisitions and organic investment, and an expectation of an increase in market insolvency levels once the short-term support measures for the economy are removed.

Most of our property advisory and transactional service lines have continued to operate remotely and activity levels have remained robust. The insolvency-focused areas of property and asset sales are expected to benefit in line with any increase in insolvencies in due course. The service lines impacted by lockdown are beginning to recover as the economy opens up, with instruction levels having improved through May, June and July to date; we anticipate further recovery in performance over the remainder of the year. In addition, we anticipate increased property auction lot numbers following the expected resumption of in-room auctions from autumn 2020. As a result of the above factors, we anticipate that the division's financial performance is likely to be below last year and weighted towards the second half of the year.

Overall, we anticipate that the group's trading for the new financial year will have a greater weighting to the second half than in recent years and we will provide a further update on activity levels at the time of our annual general meeting in September.

With our mix of service lines and activities, combined with our strong financial position, we are well placed to continue delivering medium to long-term growth. We continue to progress acquisition and organic investment opportunities given our strong balance sheet, cash generative businesses and counter-cyclical focus.

Ric Traynor
Executive chairman
21 July 2020

BUSINESS REVIEW

OPERATING REVIEW

Business recovery and financial advisory

Financial summary

Revenue increased by 15% (8% organic) to £49.6m (2019: £43.3m), reflecting increased insolvency appointments, a strong performance from our advisory team, and contributions from current and prior year acquisitions.

Operating costs increased by £3.6m to £38.0m (2019: £34.4m) principally as a result of the addition of costs associated with acquired businesses, together with organic investment and increased people costs. However, these costs reduced as a percentage of revenue, giving improved operating margins of 23.4% (2019: 20.6%).

Segmental profits* increased by 30% to £11.6m (2019: £8.9m).

COVID-19 impact

We quickly enabled our teams to work remotely and securely from the commencement of lockdown, which enabled them to continue to be appointed on and progress cases, realise assets and complete transactions as usual.

In the period immediately following lockdown the number of new insolvency cases reduced in line with market trends (as detailed below) and are currently broadly in line with appointment levels from 12 months ago.

Operating review

The number of people employed in the division has increased to 394 as at 30 April 2020 from 364 at the start of the financial year. This expansion provides the capacity to deliver growth in revenue and profits and we continue to consider further recruitment to continue to build capacity for long-term growth.

Business recovery
We have continued to invest in the business recovery team during the year through recruitment of fee earners, with a focus on business development and increasing capacity, and have also appointed four new partners: two of which were external appointments together with two internal promotions. Subsequent to the year end we have promoted a further two fee earners to partner.

In October 2019, we acquired Alexander Lawson Jacobs ("ALJ"), a London-based insolvency and business recovery practice. The team of 24 partners and staff has been integrated into our existing strong network of offices across London and the South East and made a first-time contribution ahead of our expectations.

We have had a successful year of new insolvency appointments, which has increased our order book of committed future insolvency revenue by 23% to £19.0m (2019: £15.4m). As a result of this, we have also increased our market share to 10% (by volume) and we continue to take the largest number of corporate insolvency appointments in the UK.

Financial advisory
We have continued to invest in our advisory fee earner team with the addition of five new partners: two of which were external appointments and three internal promotions. We also completed additional corporate finance transactions compared with the prior year.

In September 2019, we acquired Regeneratus, an Exeter based advisory practice with particular expertise in restructuring, turnaround and legal issues. The team has joined our existing South West practice, enhancing the services and advice we can provide to our clients across the region.

Insolvency market

In the period prior to the COVID-19 outbreak, insolvency volumes** nationally continued to increase, with the underlying number of corporate insolvencies in calendar year 2019 increasing by 7% to 17,224 (2018: 16,105, 2017: 14,630).

Nationally the Insolvency Service reported*** that numbers of corporate insolvencies dropped in the days immediately after the UK lockdown was applied on 23 March, and in most cases have not yet returned to pre-lockdown levels.

They stated that this was likely to be a result of a combination of factors including:

- HM Courts & Tribunals Service reducing the operational running of the courts and tribunals;
- HMRC reducing their enforcement activity;
- The Insolvency Service, insolvency practitioners and Companies House having to adjust to new working arrangements;
- Delays in documents being provided to Companies House by insolvency practitioners.

We also believe that the current Government support initiatives (including the staff furlough arrangements and loan support packages) are deferring some insolvency appointments.

** See note 2*
*** Source: The Insolvency Service quarterly statistics on the number of corporate insolvencies in England and Wales on a seasonally adjusted basis, excluding the one-off effect of 1 (2018: 1,349, 2017: 2,686) bulk insolvencies as identified by The Insolvency Service*
**** Source: Insolvency Service Monthly insolvency statistics, May and June 2020*

Property advisory and transactional services

Financial summary

Revenue increased by 25% to £20.9m (2019: £16.7m), reflecting the benefit of both current and prior year acquisitions. Organic revenue was broadly in line with the prior year with returns from our growth initiatives offset by the anticipated reduction in revenue following the completion of several property insolvencies (which enhanced margins in the prior year).

Revenue in the final six weeks of the financial year was adversely impacted by the COVID-19 lockdown by c.£1m, which was partially mitigated by £0.4m of cost reductions.

Operating costs increased to £17.0m (2019: £12.9m), principally due to costs associated with the acquired businesses.

Segmental profits* were £3.9m (2019: £3.8m), with operating margins of 18.5% (2019: margin of 22.8% was enhanced by revenue recognised on completion of property insolvencies as referred to above). Operating margins were adversely impacted by the lockdown by c.2%, with the underlying rate of c.20% in line with previous guidance of margins for the division.

COVID-19 impact

All service lines had performed strongly in the period up to the commencement of lockdown in March and the majority continued to operate remotely during lockdown:

- Consultancy, commercial property agency and property management teams operated as normal from remote locations.

- The plant and machinery and property auction teams continued to trade through our online channels (www.eddisons.com and www.pugh-auctions.com), completing transactions and realising value for our clients together with asset realisations on our group insolvency appointments, albeit property auction lot numbers reduced as detailed in the operating review below.

- Commercial property agency and valuations together with business sales agency experienced reduced activity levels in late March and April as a result of the lockdown. In addition, the Department for Education delayed its awards under the condition improvement fund (CIF), which had been anticipated in April 2020, resulting in a deferral of revenue recognition to the new financial year for our building consultancy team.

Operating review

Our building consultancy team has continued to develop, notably with further growth in the education and wider public sector. We have continued to invest in and grow the team and its offering, which included the recruitment of a Cambridge-based team in the period. This has further developed our offering in Eastern England following the acquisition of BSM in April 2019. In the announcement of the delayed CIF project awards (as noted above) we increased the funding secured for our clients to £28m, up by 50% compared to last year, which will generate project management and consultancy fees for the group of £2.2m in the new financial year compared to £1.3m last year.

Revenue from the property valuation team grew in the year, reflecting our recruitment of experienced surveyors, which has improved our geographical coverage and service to our clients. The restrictions of lockdown impacted on activity levels at the end of the financial year; however, we are encouraged by the increase in the level of new instructions we are receiving from lenders as the UK exits its lockdown restrictions and anticipate that this will progressively increase over the course of the new financial year.

The property transactional teams (agency and auctions) have performed well in the year with an increase in agency revenue, largely from the integration of the BSM team acquired in April 2019.

Commercial property auctions performed well in the period pre lockdown with lot numbers and revenue broadly in line with the prior year. We converted our usual in-room auctions to an on-line auction from April as a result of the lockdown restrictions and have continued to offer this service to clients in the new financial year, which has been a positive development enabling the team to continue servicing clients' requirements and realising value. However, across the industry, lot numbers are currently c.60% lower than normal levels. We currently anticipate that we will be able resume in-room auctions from autumn 2020 which we believe will result in a recovery in lot numbers.

In October 2019, we acquired Ernest Wilson, a Leeds-based business sales agent with 24 employees, which provides agency services for the sale of small businesses across the UK. The team operate across a broad range of sectors ranging from food outlets and convenience stores to care homes, restaurants and hotels. The acquisition enhances our transactional support services and is also complementary to the BTG Advisory and corporate finance offerings. Activity levels were impacted during the lockdown period, but as with the property valuations business, we are encouraged by the increase in transaction levels we have experienced since the lockdown restrictions were eased. We anticipate that transactional activity will progressively increase over the course of the new financial year.

The number of people employed in the division has increased to 281 as at 30 April 2020 from 245 at the start of the financial year.

** See note 2*

FINANCE REVIEW

Financial summary*

	2020 £'000	2019 £'000
Revenue	**70,503**	60,058
Operating profit (before transaction costs and amortisation)	**10,119**	7,999
Finance costs	**(968)**	(1,006)
Adjusted profit before tax	**9,151**	6,993
Transaction costs	**(3,163)**	(1,283)
Amortisation of intangible assets arising on acquisitions	**(3,104)**	(2,361)
Profit before tax	**2,884**	3,349
Tax	**(1,953)**	(1,102)
Profit for the year	**931**	2,247

** IFRS 16 'Leases' was adopted from the start of the financial year and all comparative figures have been restated in accordance with the new standard. Further details are included below and in note 1 to this statement.*

Operating result (before transaction costs and amortisation)

Revenue in the year increased by £10.4m to £70.5m (2019: £60.1m), an overall increase of 17%, of which 5% was organic and 12% was acquired*. Operating profit increased by 27% to £10.1m (2019: £8.0m). These results include the impact of the COVID-19 lockdown in the final six weeks of the financial year, which impacted property services revenue by c.£1m, partially mitigated by £0.4m of cost reductions.

The financial performance by operating segment (as detailed in the operating review) is summarised in the table below:

	Revenue (£'000)			Profit (£'000)		
	2020	2019	*growth*	**2020**	2019	*growth*
Business recovery and financial advisory	**49,630**	43,313	*15%*	**11,588**	8,889	*30%*
Property advisory and transactional services	**20,873**	16,745	*25%*	**3,860**	3,826	*1%*
Shared and central costs	**-**	-	-	**(5,329)**	(4,716)	*13%*
Total	**70,503**	60,058	*17%*	**10,119**	7,999	*27%*

Margins improved to 14.4% (2019: 13.3%), principally due to profit growth and margin enhancement in business recovery and financial advisory, together with shared and central costs reducing as a percentage of group revenue to 7.6% (2019: 7.9%). These margin enhancements were partially offset by property advisory and transactional services as detailed in the operating review.

Adjusted profit before tax increased by 31% to £9.2m (2019: £7.0m), as a result of the increased operating profits detailed above, with finance costs in line with the prior year.

** part year contribution from acquisitions in the year and full year contribution of prior year acquisitions*

Transaction costs

Transaction costs (as detailed in note 3) increased to £3.2m (2019: £1.3m) as a result of increased deemed remuneration charges resulting from current and prior year acquisitions.

Tax

The overall tax charge for the year was £2.0m (2019: £1.1m) as detailed below:

	2020				2019			
	Profit before tax £'000	**Tax £'000**	**Profit after tax £'000**	***Effective rate***	Profit before tax £'000	Tax £'000	Profit after tax £'000	*Effective rate*
Adjusted	**9,151**	**(1,928)**	**7,223**	***21%***	6,993	(1,551)	5,442	*22%*
Transaction costs	**(3,163)**	**-**	**(3,163)**	**-**	(1,283)	-	(1,283)	-
Amortisation	**(3,104)**	**590**	**(2,514)**	***19%***	(2,361)	449	(1,912)	*19%*
Change in rate*	**-**	**(615)**	**(615)**	**-**	-	-	-	-
Statutory	**2,884**	**(1,953)**	**931**	***68%***	3,349	(1,102)	2,247	*33%*

* Deferred tax charge of £0.6m resulting from an increase in deferred tax liabilities as a result of the UK corporation tax rate now remaining at 19% rather than reducing to 17% as previously announced.

Earnings per share

Adjusted basic earnings per share* increased by 19% to 5.7p (2019: 4.8p). Basic earnings per share decreased to 0.7p (2019: 2.0p).

** See reconciliation in note 5*

Partners and employees

The average number of full-time equivalent (FTE) partners and staff working in the group increased over the year as a result of acquisitions and organic investment.

	2020				2019			
	Business recovery and financial advisory	**Property advisory and transactional services**	**Shared and support teams**	**Total**	Business recovery and financial advisory	Property advisory and transactional services	Shared and support teams	Total
Partners	**60**	**-**	**-**	**60**	52	-	-	52
Staff	**234**	**237**	**-**	**471**	217	173	-	390
Fee earners	**294**	**237**	**-**	**531**	269	173	-	442
Support teams	**44**	**6**	**61**	**111**	43	6	60	109
Total	**338**	**243**	**61**	**642**	312	179	60	551

The ratio of our support teams to fee earning partners and staff improved to 4.8 (2019: 4.1) reflecting the increased efficiency of our operations as the group continues to grow, which has been reflected in the improved operating margins in the year.

IFRS 16

IFRS 16 'Leases' was adopted from the start of the financial year and seeks to align the presentation of leased assets more closely to owned assets. All comparative figures have been restated in accordance with the new standard, which has been adopted on a fully retrospective basis.

The adoption of IFRS 16 had the following impact on the group's financial results for the year ended 30 April 2019:

- Reduction in profit before tax of £0.1m (increase in operating profit of £0.4m offset by an increase in finance costs of £0.5m);
- Reduction in net assets of £1.5m at 30 April 2019;
- No impact on total cash flow; however net cash from operating activities increased by £2.1m and net cash used in financing activities increased by £2.1m.

Further details are included in note 1 to this statement.

Acquisitions

During the year, the group completed three acquisitions:

- Alexander Lawson Jacobs on 24 October 2019 for initial consideration of £2.35m (£2.1m in cash and the issue of 296,195 new ordinary shares) with a maximum additional cash payment of £4.0m subject to financial performance in the five year period following the acquisition. In its financial year ended 30 June 2019, the business reported annual revenue of £3.1m and pre-tax profits of £0.9m, when reported on the same basis as the group.
- Ernest Wilson on 18 October 2019 for initial consideration of £4.0m (£3.0m in cash and the issue of 1,163,874 new ordinary shares) with a maximum additional cash payment of £1.63m subject to financial performance in the three year period following the acquisition. In its financial year ended 31 July 2019, the business reported annual revenue of £2.2m and pre-tax profits of £0.7m, when reported on the same basis as the group.
- Regeneratus on 23 September 2019 for initial consideration of £0.5m (in cash) with a maximum additional cash payment of £1.1m subject to financial performance in the four year period following the acquisition. In its financial year ended 31 March 2019, the business reported annual revenue of £0.6m and pre-tax profits of £0.2m, when reported on the same basis as the group.

A proportion of the consideration payable for these acquisitions requires post-acquisition service obligations to be performed by the selling shareholders. These amounts are accounted for as deemed remuneration and charged to the consolidated statement of comprehensive income over the period of the service obligation.

The net cash outflow as a result of these acquisitions in the year was £4.7m, comprising the cash consideration of £5.6m (including £4.2m accounted for as deemed remuneration), completion accounts payments of £2.5m (including £0.9m accounted for as deemed remuneration) offset by cash acquired of £3.4m.

In addition, deferred consideration payments of £4.4m (including £3.7m accounted for as deemed remuneration) were made in the year.

The value of net assets acquired exceeds the accounting value of consideration (as a result of the majority of consideration being accounted for as deemed remuneration) and consequently a gain of £2.2m has been recognised within transaction costs in the year.

Liquidity

The group is in a strong financial position. At the year end the group had cash balances of £7.2m (2019: £4.0m) together with undrawn, committed borrowing facilities of £15.0m (2019: £15.0m) providing significant liquidity entering the new financial year.

Our borrowing facilities mature in August 2023 and comprise a £25m unsecured, committed revolving credit facility and a £5m uncommitted acquisition facility.

Net debt at 30 April 2020 was £2.8m (2019: £6.0m), represented by cash balances (as noted above) of £7.2m (2019: £4.0m) net of drawn borrowing facilities of £10.0m (2019: £10.0m). As a result of the reduced levels of debt together with increased profits, our leverage* reduced to 0.3 times (2019: 0.7 times). All bank covenants were comfortably met during the year.

** Calculated as net debt to operating profit (before transaction costs, amortisation, depreciation on tangible assets, software amortisation and after finance charge on lease liabilities).*

Cash flow

Net debt reduced by £3.2m (2019: £1.5m) due to strong levels of free cash flow of £7.7m and net proceeds from the share placing* of £7.8m which funded acquisition and deferred consideration payments of £9.1m and dividends of £3.2m.

Cash flow in the year is summarised as follows:

	2020 **£'000**	2019 £'000
Net cash from operating activities (before deemed remuneration)	**10,428**	9,475
Capital expenditure	**(789)**	(1,000)
Capital element of lease payments	**(1,934)**	(2,148)
Free cash flow	**7,705**	6,327
Net proceeds from share issues	**7,818**	10
Acquisition payments	**(4,710)**	(1,167)
Deferred consideration payments	**(4,390)**	(1,030)
Dividends	**(3,185)**	(2,649)
Reduction in net debt	**3,238**	1,491

** Share placing of 11,041,440 new ordinary shares completed on 26 July 2019.*

Net assets

At 30 April 2020 net assets were £65.6m (2019: £58.1m). The movement in net assets reflects an increase of £4.0m, from post-tax adjusted earnings of £7.2m net of dividends of £3.2m; £9.8m from the issue of new shares (resulting from the placing and acquisition consideration in the period); offset by the post-tax impact of acquisition-related transaction and amortisation costs of £6.3m.

Going concern

The group is in a strong financial position and has significant liquidity as detailed above. The majority of the group's service lines have operated remotely during the period of the COVID-19 lockdown.

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 this statement. This review included sensitivity analysis and stress tests to determine the potential impact on the group of reasonably possible downside scenarios, including those arising from the COVID-19 pandemic and the resultant increase in risks for the group. Under all modelled scenarios, the group's banking facilities were sufficient and all associated covenant measures were forecast to be met.

As such, 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 this statement is prepared on the going concern basis.

Ric Traynor
Executive chairman
21 July 2020

Nick Taylor
Group finance director
21 July 2020

Consolidated statement of comprehensive income

	Note	2020 £'000	Restated 2019 £'000
Revenue	2	**70,503**	60,058
Direct costs		**(40,317)**	(34,246)
Gross profit		**30,186**	25,812
Other operating income		**363**	393
Administrative expenses		**(26,697)**	(21,850)
Operating profit (before amortisation and transaction costs)	2	**10,119**	7,999
Transaction costs	3	**(3,163)**	(1,283)
Amortisation of intangible assets arising on acquisitions		**(3,104)**	(2,361)
Operating profit		**3,852**	4,355
Finance costs	4	**(968)**	(1,006)
Profit before tax		**2,884**	3,349
Tax		**(1,953)**	(1,102)
Profit and total comprehensive income for the year		**931**	2,247
Earnings per share			
Basic	5	**0.7 pence**	2.0 pence
Diluted	5	**0.7 pence**	1.9 pence

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

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2018 as previously reported	5,508	22,789	20,248	304	8,852	57,701
Restatement (note 1)	—	(603)	—	—	(855)	(1,458)
At 1 May 2018 as restated	5,508	22,186	20,248	304	7,997	56,243
Profit for the year	—	—	—	—	2,247	2,247
Dividends	—	—	—	—	(2,649)	(2,649)
Credit to equity for equity-settled share-based payments	—	—	—	—	99	99
Shares issued as consideration for acquisitions	74	—	834	—	—	908
Shares issued as deferred consideration	93	—	1,107	—	—	1,200
SIP shares issued	1	7	—	—	—	8
Other share options	43	—	—	—	(43)	—
At 30 April 2019	**5,719**	**22,193**	**22,189**	**304**	**7,651**	**58,056**
Profit for the year	—	—	—	—	931	931
Dividends	—	—	—	—	(3,185)	(3,185)
Credit to equity for equity-settled share-based payments	—	—	—	—	102	102
Shares issued as consideration for acquisitions	73	—	1,177	—	—	1,250
Shares issued as deferred consideration	38	—	561	—	—	599
Placing shares issued	552	7,266	—	—	—	7,818
Other share options	4	—	—	—	(4)	—
At 30 April 2020	**6,386**	**29,459**	**23,927**	**304**	**5,495**	**65,571**

Consolidated balance sheet

	Note	**2020 £'000**	Restated 2019 £'000	Restated 2018 £'000
Non-current assets				
Intangible assets		**59,437**	59,392	59,061
Property, plant and equipment		**1,800**	1,766	1,512
Right of use assets		**7,021**	7,399	7,210
Trade and other receivables	7	**4,586**	3,220	1,759
		72,844	71,777	69,542
Current assets				
Trade and other receivables	7	**36,460**	32,332	28,816
Cash and cash equivalents		**7,247**	4,009	3,518
		43,707	36,341	32,334
Total assets		**116,551**	108,118	101,876
Current liabilities				
Trade and other payables	8	**(22,223)**	(22,048)	(16,381)
Current tax liabilities		**(1,878)**	(1,976)	(1,548)
Lease liabilities		**(2,232)**	(1,927)	(2,147)
Provisions		**(883)**	(478)	(576)
		(27,216)	(26,429)	(20,652)
Net current assets		**16,491**	9,912	11,682
Non-current liabilities				
Trade and other payables		**—**	—	(1,093)
Borrowings		**(10,000)**	(10,000)	(11,000)
Lease liabilities		**(6,137)**	(6,667)	(6,079)
Provisions		**(1,935)**	(2,070)	(2,187)
Deferred tax		**(5,692)**	(4,896)	(4,622)
		(23,764)	(23,633)	(24,981)
Total liabilities		**(50,980)**	(50,062)	(45,633)
Net assets		**65,571**	58,056	56,243
Equity				
Share capital		**6,386**	5,719	5,508
Share premium		**29,459**	22,193	22,186
Merger reserve		**23,927**	22,189	20,248
Capital redemption reserve		**304**	304	304
Retained earnings		**5,495**	7,651	7,997
Equity attributable to owners of the company		**65,571**	58,056	56,243

Consolidated cash flow statement

	Notes	2020 £'000	Restated 2019 £'000
Cash flows from operating activities			
Cash generated by operations	9	**4,734**	8,016
Income taxes paid		**(2,186)**	(1,362)
Interest paid on borrowings		**(436)**	(491)
Interest paid on lease liabilities		**(454)**	(460)
Net cash from operating activities (before deemed remuneration payments)		**10,428**	9,475
Deemed remuneration payments		**(8,770)**	(3,772)
Net cash from operating activities		**1,658**	5,703
Investing activities			
Purchase of intangible fixed assets		**(103)**	(216)
Purchase of property, plant and equipment		**(686)**	(784)
Acquisition of businesses		**(2,970)**	(1,778)
Deferred consideration payments		**(720)**	—
Cash acquired in acquisition of businesses		**3,360**	3,353
Net cash used in investing activities		**(1,119)**	575
Financing activities			
Dividends paid	6	**(3,185)**	(2,649)
Proceeds on issue of shares		**7,818**	10
Capital element of lease payments		**(1,934)**	(2,148)
Repayment of loans		**—**	(1,000)
Net cash generated from (used in) financing activities		**2,699**	(5,787)
Net increase in cash and cash equivalents		**3,238**	491
Cash and cash equivalents at beginning of year		**4,009**	3,518
Cash and cash equivalents at end of year		**7,247**	4,009

1. Basis of preparation and accounting policies

The results for the year ended 30 April 2020 have been prepared on the basis of accounting policies consistent with those set out in the annual report to shareholders of Begbies Traynor Group plc for the year ended 30 April 2019, apart from those affected by the implementation of IFRS 16 'Leases' as noted below.

The group's financial statements for the year ended 30 April 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the EU. Whilst the financial information included in this announcement has been prepared in accordance with IFRS, this announcement itself does not contain sufficient information to comply with IFRS.

This financial information does not include all of the information and disclosures required for full annual financial statements and does not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006.

The comparative figures for the year ended 30 April 2019 do not comprise the group's statutory accounts for that financial year. Those accounts have been reported upon by the group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Statutory accounts for Begbies Traynor Group plc for 2020 will be delivered to the Registrar of Companies following the company's annual general meeting. The auditors have reported on these accounts; their report is unqualified and does not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under either section 498 (2) or (3) of the Companies Act 2006. The 2020 annual report will be available on the group's website: www.begbies-traynorgroup.com/investor-relations.

Going concern

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 this statement. This review included sensitivity analysis and stress tests to determine the potential impact on the group of reasonably possible downside scenarios, including those arising from the COVID-19 pandemic and the resultant increase in risks for the group. Under all modelled scenarios, the group's banking facilities were sufficient and all associated covenant measures were forecast to be met.

As such, 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 this statement is prepared on the going concern basis.

Adjusted performance measures

Management believes that adjusted performance measures provide meaningful information to the users of the accounts on the performance of the business and are the performance measures used by the board. Accordingly, adjusted measures of operating profit, profit before tax and earnings per share exclude, where applicable, transaction costs, amortisation of intangible assets arising on acquisitions and related tax effects on these items. These terms are not defined terms under IFRS 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.

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.

Restatement of prior year financial statements

Adoption of new accounting standards

The group has adopted IFRS 16 'Leases' with effect from the start of this financial year, which replaces IAS 17 'Leases' and its related interpretations. IFRS 16 seeks to align the presentation of leased assets more closely to owned assets. Under IAS 17 all the group's leases where the group is a lessee were operating leases. The group recognised a lease charge in the income statement based on straight-line recognition of the lease payments payable on each lease, after adjustment for lease incentives received.

IFRS 16 requires lessees to recognise a right of use asset and lease liability at lease inception, with liabilities recognised at present value. 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.

In the income statement, the operating lease charge as recognised under IAS 17 is replaced with a straight-line depreciation charge on the right-of-use asset and an interest cost on the lease liability. This therefore results in an increase in operating profit, which is reported prior to interest charges. The depreciation on the asset is charged evenly over the term of the lease; however, the interest charge will be higher in the initial years of a lease and reduce over time. In aggregate over the lease term the charge to profit will be the same under both accounting standards.

The cash flow statement will reflect the lease payments previously included within cash generated by operations as interest payments (within net cash from operating activities) and repayments of obligations under leases (within net cash used in financing activities). There is no impact on total cash flow by year from adoption of the standard.

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. The recognition of these exempted leases will therefore continue unchanged – a charge will be recognised in the income statement based on straight-line recognition of the lease payments payable on each lease, after adjustment for lease incentives received.

As part of the adoption of IFRS 16, the group has reviewed its policy for the recognition of dilapidation obligations arising on leases. Previously the group recognised a dilapidation provision when it was considered probable that an obligation would crystallise through the group exiting the property at any forthcoming lease break or end of lease ('relevant date'). All leases were reviewed at least two years prior to any relevant date to determine the requirement for any provision. In addition, any onerous property commitments provided for under IAS 37 'Provisions' included an assessment of dilapidation obligations. The group will now include an estimate of dilapidation costs at lease commencement, with the discounted value recognised as a provision and included within the initial cost of the right of use asset.

The standard has been adopted on a fully retrospective basis, which includes a full restatement of the comparative results in the financial year ended 30 April 2019. As part of the IFRS16 restatement at 1 May 2018 an adjustment of £1.7m has been recorded to increase the dilapidation provision on the balance sheet, with a corresponding entry in retained earnings. There was no material impact on reported profits in prior years as a result of the previous assessment.

In summary the adoption of IFRS 16 had the following impact on the group's financial results for the year ended 30 April 2019:

- Increase in operating profit (before amortisation and transaction costs) of £0.4m to £8.0m;
- Increase in finance costs of £0.5m to £1.0m;
- Reduction in profit before tax of £0.1m;
- Reduction in net assets of £1.5m arising from the recognition of right of use asset and lease liabilities offset by the derecognition of IAS 17 working capital balances and onerous lease provisions (net of deferred tax);
- No impact on total cash flow; however net cash from operating activities increased by £2.1m and net cash used in financing activities increased by £2.1m.

The impact of the standard on the group's statement of comprehensive income and cash flow statement for the year ended 30 April 2019, together with the impact on the balance sheet at 1 May 2018 and 30 April 2019 is below.

Adjustment to provisional accounting estimates under IFRS 3

Following agreement of completion accounts for prior year acquisitions, there were some amendments to provisional estimates. In accordance with the group's accounting policy for business combinations, provisional values are adjusted retrospectively and comparative information is restated.

Reclassification of deemed remuneration payments

Deemed remuneration payments have been reclassified from investing cashflows to operating cashflows.

Reserves reclassification

The group has reclassified the premium on shares issued in relation to employee share schemes from share premium to retained earnings. At 1 May 2018 and 30 April 2019 the adjustments between share premium and retained earnings were £603,000 and £997,000 respectively.

The following tables show the impact of these restatements.

Consolidated statement of comprehensive income

	As reported 30 April 2019 £'000	IFRS 16 £'000	Adjustment to provisional estimates on acquisitions £'000	**Restated 30 April 2019 £'000**
Revenue	60,058	—	—	**60,058**
Direct costs	(34,276)	30	—	**(34,246)**
Gross profit	25,782	30	—	**25,812**
Other operating income	393	—	—	**393**
Administrative expenses	(22,163)	432	(119)	**(21,850)**
Operating profit before amortisation and transaction costs	7,553	446	—	**7,999**
Transaction costs	(1,180)	16	(119)	**(1,283)**
Amortisation	(2,361)	—	—	**(2,361)**
Operating profit	4,012	462	(119)	**4,355**
Finance costs	(486)	(520)	—	**(1,006)**
Profit before tax	3,526	(58)	(119)	**3,349**
Tax	(1,092)	(10)	—	**(1,102)**
Profit and total comprehensive income for the year	2,434	(68)	(119)	**2,247**
Earnings per share				
Basic	2.2 pence			**2.0 pence**
Diluted	2.1 pence			**1.9 pence**

Consolidated cashflow statement

	As reported 30 April 2019 £'000	IFRS 16 £'000	Reclassification of deemed remuneration payments £'000	**Restated 30 April 2019 £'000**
Net cash from operating activities	7,327	2,148	(3,772)	**5,703**
Net cash used in investing activities	(3,197)	—	3,772	**575**
Net cash generated from (used in) financing activities	(3,639)	(2,148)	—	**(5,787)**
Net increase in cash and cash equivalents	491	—	—	**491**

Consolidated balance sheets

	As reported 30 April 2019 £'000	IFRS16 £'000	Adjustment to provisional estimates on acquisitions £'000	Reserves reclassification £'000	Restated 30 April 2019 £'000
Non-current assets					
Intangible assets	59,392	—	—	—	**59,392**
Property, plant and equipment	1,766	—	—	—	**1,766**
Right of use assets	—	7,399	—	—	**7,399**
Trade and other receivables	3,220	—	—	—	**3,220**
	64,378	7,399	—	—	**71,777**
Current assets					
Trade and other receivables					
Cash and cash equivalents	32,653	(339)	18	—	**32,332**
	4,009	—	—	—	**4,009**
Total assets	36,662	(339)	18	—	**36,341**
Current liabilities	101,040	7,060	18	—	**108,118**
Trade and other payables					
Current tax liabilities	(22,664)	753	(137)	—	**(22,048)**
Lease liabilities	(1,976)	—	—	—	**(1,976)**
Provisions	—	(1,927)	—	—	**(1,927)**
	(588)	110	—	—	**(478)**
Net current assets	(25,228)	(1,064)	(137)	—	**(26,429)**
Non-current liabilities	11,434	(1,403)	(119)	—	**9,912**
Trade and other payables					
Borrowings	(10,000)	—	—	—	**(10,000)**
Lease liabilities	—	(6,667)	—	—	**(6,667)**
Provisions	(763)	(1,307)	—	—	**(2,070)**
Deferred tax	(5,348)	452	—	—	**(4,896)**
	(16,111)	(7,522)	—	—	**(23,633)**
Total liabilities	(41,339)	(8,586)	(137)	—	**(50,062)**
Net assets	59,701	(1,526)	(119)	—	**58,056**
Equity					
Share capital	5,719	—	—	—	**5,719**
Share premium	23,190	—	—	(997)	**22,193**
Merger reserve	22,189	—	—	—	**22,189**
Capital redemption reserve	304	—	—	—	**304**
Retained earnings	8,299	(1,526)	(119)	997	**7,651**
Equity attributable to owners of the company	59,701	(1,526)	(119)	—	**58,056**

	As reported 1 May 2018 £'000	IFRS16 £'000	Reserves reclassification £'000	Restated 1 May 2018 £'000
Non-current assets				
Intangible assets	59,061	—	—	**59,061**
Property, plant and equipment	1,512	—	—	**1,512**
Right of use assets	—	7,210	—	**7,210**
Trade and other receivables	1,759	—	—	**1,759**
	62,332	7,210	—	**69,542**
Current assets				
Trade and other receivables	29,041	(225)		**28,816**
Cash and cash equivalents	3,518	—	—	**3,518**
	32,559	(225)	—	**32,334**
Total assets	94,891	6,985	—	**101,876**
Current liabilities			—	
Trade and other payables	(17,268)	887		**(16,381)**
Current tax liabilities	(1,548)	—	—	**(1,548)**
Lease liabilities	—	(2,147)	—	**(2,147)**
Provisions	(783)	207	—	**(576)**
	(19,599)	(1,053)	—	**(20,652)**
Net current assets	12,960	(1,278)	—	**11,682**
Non-current liabilities			—	
Trade and other payables	(1,093)	—		**(1,093)**
Borrowings	(11,000)	—	—	**(11,000)**
Lease liabilities	—	(6,079)	—	**(6,079)**
Provisions	(414)	(1,773)	—	**(2,187)**
Deferred tax	(5,084)	462	—	**(4,622)**
	(17,591)	(7,390)	—	**(24,981)**
Total liabilities	(37,190)	(8,443)	—	**(45,633)**
Net assets	57,701	(1,458)	—	**56,243**
Equity				
Share capital	5,508	—	—	**5,508**
Share premium	22,789	—	(603)	**22,186**
Merger reserve	20,248	—	—	**20,248**
Capital redemption reserve	304	—	—	**304**
Retained earnings	8,852	(1,458)	603	**7,997**
Equity attributable to owners of the company	57,701	(1,458)	—	**56,243**

2. 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 group is managed as two operating segments: business recovery and financial advisory services, and property advisory and transactional services.

	Business recovery and financial advisory services 2020 £'000	**Property advisory and transactional services 2020 £'000**	**Shared and central costs 2020 £'000**	**Consolidated 2020 £'000**
Revenue				
Total revenue from rendering of professional services	**49,630**	**21,021**	—	**70,651**
Inter-segment revenue	—	**(148)**	—	**(148)**
Revenue from external customers	**49,630**	**20,873**	—	**70,503**
Operating profit before amortisation and transaction costs	**11,588**	**3,860**	**(5,329)**	**10,119**

	Business recovery and financial advisory services 2019 £'000	Property advisory and transactional services 2019 £'000	Shared and central costs 2019 £'000	Restated Consolidated 2019 £'000
Revenue				
Total revenue from rendering of professional services	43,313	16,903	—	60,216
Inter-segment revenue	—	(158)	—	(158)
Revenue from external customers	43,313	16,745	—	60,058
Operating profit before amortisation and transaction costs	8,889	3,826	(4,716)	7,999

3. Transaction costs

	2020 £'000	Restated 2019 £'000
Deemed remuneration	**3,908**	2,806
Acquisition costs	**583**	154
Gain on acquisition	**(2,217)**	(2,806)
Charge arising under Begbies Traynor (London) LLP put and call option	**889**	1,129
	3,163	1,283

4. Finance costs

	2020 £'000	Restated 2019 £'000
Interest on borrowings	**454**	486
Finance charge on lease liabilities	**454**	460
Finance charge on dilapidation provisions	**60**	60
	968	1,006

5. Earnings per share

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

	2020 £'000	Restated 2019 £'000
Earnings		
Profit for the year attributable to equity holders	**931**	2,247

	2020 Number '000	2019 Number '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**125,652**	112,548
Effect of:		
Share options	**1,477**	404
Contingent shares as consideration for capital transactions	**144**	3,476
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**127,273**	116,428

	2020 pence	Restated 2019 pence
Basic and diluted earnings per share		
Basic earnings per share	**0.7**	2.0
Diluted earnings per share	**0.7**	1.9

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

	2020 £'000	Restated 2019 £'000
Earnings		
Profit for the year attributable to equity holders	**931**	2,247
Amortisation of intangible assets arising on acquisitions	**3,104**	2,361
Transaction costs	**3,163**	1,283
Tax effect of above items	**(590)**	(449)
Change in deferred tax rate	**615**	-
Adjusted earnings	**7,223**	5,442

	2020 pence	Restated 2019 pence
Adjusted basic earnings per share	**5.7**	4.8
Adjusted diluted earnings per share	**5.7**	4.7

6. Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the year		
Interim dividend for the year ended 30 April 2019 of 0.8p (2018: 0.7p) per share	**914**	771
Final dividend for the year ended 30 April 2019 of 1.8p (2018: 1.7p) per share	**2,271**	1,878
	3,185	2,649
Amounts proposed as distributions to equity holders		
Interim dividend for the year ended 30 April 2020 of 0.9p (2019: 0.8p) per share	**1,149**	914
Final dividend for the year ended 30 April 2020 of 1.9p (2019: 1.8p) per share	**2,426**	2,271
	3,575	3,185

The proposed final dividend is subject to approval by shareholders at the annual general meeting in September 2020. The interim dividend for 2020 was not paid until 11 May 2020 and, accordingly, has not been included as a liability in these financial statements nor as a distribution to equity shareholders.

7. Trade and other receivables

	2020 £'000	Restated 2019 £'000
Non-current		
Deemed remuneration	**4,586**	3,220
Current		
Trade receivables	**6,879**	7,823
Less: impairment provision	**(1,392)**	(1,338)
Trade receivables – net	**5,487**	6,485
Unbilled income	**24,492**	21,310
Other debtors and prepayments	**1,987**	2,058
Deemed remuneration	**4,494**	2,479
	36,460	32,332

8. Trade and other payables

	2020 £'000	Restated 2019 £'000
Current		
Trade payables	**1,176**	953
Accruals	**7,055**	6,372
Other taxes and social security	**3,687**	3,308
Deferred income	**4,168**	3,338
Other creditors	**5,853**	4,980
Deferred consideration	**150**	772
Deemed remuneration liabilities	**134**	2,325
	22,223	22,048

9. Reconciliation to the cash flow statement

	2020 £'000	Restated 2019 £'000
Profit for the year	**931**	2,247
Adjustments for:		
Tax	**1,953**	1,102
Finance costs	**968**	1,006
Amortisation of intangible assets	**3,315**	2,558
Depreciation of property, plant and equipment	**718**	563
Depreciation of right of use assets	**2,137**	2,094
Impairment of right of use asset	**—**	369
Gain on acquisition	**(2,217)**	(2,806)
Loss on disposal of fixed assets	**31**	—
Share-based payment expense	**102**	99
Increase in deemed remuneration receivable	**(1,782)**	(1,733)
(Decrease) increase in deemed remuneration liability	**(2,191)**	1,896
Operating cash flows before movements in working capital	**3,965**	7,395
Increase in receivables (excluding deemed remuneration)	**(1,177)**	(714)
Increase in payables (excluding deemed remuneration)	**1,813**	1,773
Increase (decrease) in provisions	**133**	(438)
Cash generated by operations	**4,734**	8,016