10 December 2019

Begbies Traynor Group plc

Half year results
for the six months ended 31 October 2019

"Strong first half performance and confidence in full year outlook"

Begbies Traynor Group plc (the 'company' or the 'group'), the business recovery, financial advisory and property services consultancy, today announces its half year results for the six months ended 31 October 2019.

Financial overview *

	2019 £m	2018 £m
Revenue	33.8	28.0
Adjusted profit before tax** ***	4.0	3.0
Profit before tax	1.9	0.5
Adjusted basic EPS** **** (p)	2.6	2.1
Basic EPS (p)	1.1	-
Interim dividend (p)	0.9	0.8
Net debt	2.3	6.3

** IFRS 16 'Leases' was adopted from the start of the financial period. 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(b) to this statement.*

*** The board uses adjusted performance measures to provide meaningful information on the 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 of £1.9m (2018: £0.5m) plus amortisation of intangible assets arising on acquisitions of £1.4m (2018: £1.1m) plus transaction costs of £0.7m (2018: £1.4m).*

***** See reconciliation in note 5.*

Highlights:

- Revenue growth of 21% (10% organic) with improved operating profit margin of 13.2% (2018: 12.6%)
- Organic development of both divisions continued, with investment in new fee earning staff and teams
- Completed three acquisitions towards the end of the period, enhancing both divisions
- Raised net proceeds of £7.8m in placing in July 2019: meeting investor demand and funding acquisitions
- 13% increase in interim dividend building on increases of the previous two financial years

Outlook:

- Confident of delivering results at least in line with current expectations with a further year of growth
- Second half contribution from recent acquisitions
- Aggregate impact of placing and acquisitions anticipated to be earnings enhancing in current year and thereafter

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

"I am pleased to report a strong half year financial performance with growth in revenue and earnings, together with improved operating margins. This reflects the benefit of the recent organic development of the group and our investment in acquisitions.

"The increased scale of the group's activities, favourable conditions in the UK insolvency market and our strong financial position leaves the group well placed to continue our track record of revenue and profit growth.

"Following a strong financial performance in the first half of the year, the board remains confident of delivering results at least in line with current market expectations for the full year, including the benefit of the first-time contribution in the second half from our recent acquisitions. We will provide an update on third quarter trading in early March 2020."

A meeting for analysts will be held today at 8.45am for 9.00am at the offices of MHP Communications, 6 Agar Street, London WC2N 4HN. Please contact Peter Lambie on 020 3128 8570 or via Begbies@mhpc.com if you would like to attend.

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 735 staff and partners and the professional staff include licensed insolvency practitioners, accountants, chartered surveyors and lawyers.

The group's services include:

Business recovery and financial advisory

- Corporate and personal insolvency - we handle the largest number of corporate appointments in the UK, principally serving the mid-market and smaller companies.
- Corporate finance - buy and sell side support on private company transactions.
- Financial advisory - forensic accounting and investigations, debt advisory, business and financial restructuring, due diligence and transactional support.

Property advisory and transactional services

- Valuations - valuation of property, businesses, machinery and business assets.
- Property consultancy, management and planning - 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 strong half year financial performance with growth in revenue and earnings, together with improved operating margins. This reflects the benefit of investment both in organic development of the group and acquisitions.

All areas of the group have continued to perform well:

- business recovery saw the benefits of prior year organic investments and a continuing increase in insolvency numbers nationally;
- advisory services experienced an increase in corporate finance transactions completing in the six months compared to the prior period; and
- property advisory and transactional services benefitted from our ongoing organic development and prior year acquisitions.

Towards the end of the period, we completed three acquisitions:

- Alexander Lawson Jacobs – a London-based insolvency and business recovery practice;
- Ernest Wilson – a business sales agency, operating across a broad range of sectors ranging from food outlets and convenience stores to care homes, restaurants and hotels; and
- Regeneratus – an advisory practice with expertise in restructuring, turnaround and legal issues.

In their last reported financial years prior to acquisition, these three businesses reported aggregate revenue of £5.9m and pre-tax profit of £1.8m.

In July 2019 we completed a share placing, which raised net proceeds of £7.8m, allowing us to meet investor demand for our shares whilst funding our recent transactions. We anticipate that the aggregate impact of these acquisitions and the increase in shares in issue following the placing, will be earnings enhancing for the benefit of all shareholders in the current financial year and thereafter.

The group is in a very strong position with a significant increase in our scale and capabilities and a breadth of service lines which generate strong operating margins and are highly cash generative. We have significant headroom in our committed bank facilities with net debt reduced to £2.3m, from £6.0m at the start of the financial year.

The increased scale of the group's activities, favourable conditions in the UK insolvency market and our strong financial position leaves the group well placed to continue our track record of revenue and profit growth for the full year and beyond.

RESULTS

IFRS 16 'Leases' was adopted from the start of the financial period. 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(b) to this statement.

Group revenue in the half year ended 31 October 2019 increased by 21% to £33.8m (2018: £28.0m). Adjusted* profit before tax** increased by 33% to £4.0m (2018: £3.0m). Statutory profit before tax was £1.9m (2018: £0.5m).

Adjusted basic earnings per share* *** increased by 24% to 2.6p (2018: 2.1p). Basic and fully diluted earnings per share were 1.1p (2018: nil).

Net debt at 31 October 2019 was £2.3m (30 April 2019: £6.0m, 31 October 2018: £6.3m) with leverage**** improving to 0.2 times from 0.7 times at 30 April 2019.

** The board uses adjusted performance measures to provide meaningful information on the 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 of £1.9m (2018: £0.5m) plus amortisation of intangible assets arising on acquisitions of £1.4m (2018: £1.1m) plus transaction costs of £0.7m (2018: £1.4m).*

**** 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 (on a trailing 12 month basis).*

DIVIDEND

The board is pleased to declare an increased interim dividend of 0.9p (2018: 0.8p), an increase of 13%, which builds on the increases over the two previous years and reflects our confidence in sustaining our financial track record of earnings growth. We remain committed to a long-term progressive dividend policy which takes account of the market outlook, earnings growth and investment plans.

The interim dividend will be paid on 11 May 2020 to shareholders on the register as at 14 April 2020, with an ex-dividend date of 9 April 2020.

OUTLOOK

Following a strong financial performance in the first half of the year, the board remains confident of delivering results at least in line with current market expectations for the full year, including the benefit of the first-time contribution from our recent acquisitions.

Overall, we continue to anticipate a further year of increased revenue and earnings.

With our strong financial position, we continue to look for opportunities to develop and enhance the group, both organically and through selective acquisitions. We will provide an update on third quarter trading in early March 2020.

Ric Traynor
Executive chairman
10 December 2019

BUSINESS REVIEW

OPERATING REVIEW

Business recovery and financial advisory

Revenue in the period increased by 15% (13% organic) to £23.0m (2018: £20.0m), reflecting the continuing development of the division, increased insolvency market activity levels, a strong performance from our advisory team, and the contribution from prior year acquisitions.

Operating costs increased by 12% to £18.2m (2018: £16.3m) as a result of the increased scale of the business from our continuing organic growth, increased people costs and costs associated with the acquired businesses.

Segmental profits* for the period were £4.9m (2018: £3.7m) with operating margins increasing to 21.1% (2018: 18.5%).

Insolvency volumes nationally have continued to increase in the period, with the underlying number of corporate insolvencies increasing by 7% in the twelve months ended 30 September 2019** to 16,857 (2018: 15,699). In this improving market we have maintained our market share, continuing to take the largest number of corporate insolvency appointments in the UK.

We have continued to invest in the business recovery team 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.

In October 2019, we acquired Alexander Lawson Jacobs (“ALJ”), a London-based insolvency and business recovery practice. The team of 24 directors and employees is being integrated into our existing strong network of offices across London and the South East.

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 have also seen an increase in corporate finance transaction completions compared with the comparative period, despite the economic and political uncertainty.

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

The number of people employed in the division has increased to 412 as at 31 October 2019 from 364 at the start of the financial year and at 31 October 2018. 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.

** 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 777 (2018: 1,561) bulk insolvencies as identified by The Insolvency Service*

Property advisory and transactional services

Revenue increased to £10.7m (2018: £8.0m), principally due to the prior year acquisitions of Croft Transport Planning & Design and Barker Storey Matthews (‘BSM’). Organic revenue was in line with the comparative period, 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 period).

Operating costs increased to £8.6m (2018: £5.9m), principally due to costs associated with the acquired businesses.

Segmental profits* were £2.1m (2018: £2.1m), with operating margins reverting, as anticipated, to the more typical level of 19.9% (2018: margin of 26.3% was enhanced by revenue recognised on completion of property insolvencies as referred to above).

Our building consultancy team has continued to develop, notably with continuing 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.

Revenue from the property valuation team grew in the year, reflecting our continuing recruitment of experienced surveyors, which has improved our geographical coverage and service to our clients.

The property transactional teams (agency and auctions) have performed well in the period, with activity levels broadly in line with the prior year. However, we have experienced a reduced level of activity from our heavy plant disposal team in the period, with lower market activity levels in the current economic environment.

Our prior year acquisitions have performed in line with expectations and integration is progressing well.

In October 2019, we acquired Ernest Wilson, a Leeds-based business sales agent, 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.

The number of people employed in the division has increased to 280 as at 31 October 2019 from 245 at the start of the financial year and 194 in October 2018.

We continue to seek opportunities to invest in the division through senior recruitment, in addition to seeking further acquisitions.

** See note 2*

FINANCE REVIEW

Financial summary *

	2019 £m	2018 £m
Revenue	**33.8**	28.0
Operating profit (before transaction costs and amortisation)	**4.5**	3.5
Finance costs	**(0.5)**	(0.5)
Adjusted profit before tax	**4.0**	3.0
Transaction costs	**(0.7)**	(1.4)
Amortisation of intangible assets arising on acquisitions	**(1.4)**	(1.1)
Profit before tax	**1.9**	0.5
Tax	**(0.6)**	(0.5)
Profit for the period	**1.3**	-

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

Operating result (before transaction costs and amortisation)

Revenue in the period increased by £5.8m to £33.8m (2018: £28.0m), an overall increase of 21%, of which 10% was organic and 11% acquired.

Operating margins increased in the period to 13.2% (2018: 12.6%), due to the benefit of operating leverage as the group has grown. Operating profit increased to £4.5m (2018: £3.5m).

Adjusted profit before tax increased by 33% to £4.0m (2018: £3.0m) in the period as a result of the increased operating profit, with finance costs in line with the prior period.

Tax

The tax charge for the period was £0.6m (2018: £0.5m), comprising a tax charge on adjusted profit before tax of £0.9m (based on the expected adjusted tax rate for the full year of 22%), partially offset by a deferred tax credit of £0.3m resulting from transaction costs and amortisation.

Earnings per share ('EPS')

Adjusted basic EPS* increased by 24% to 2.6p (2018: 2.1p). Basic EPS increased to 1.1p (2018: nil).

** See reconciliation in note 5.*

IFRS 16

IFRS 16 'Leases' was adopted from the start of the financial period and seeks to align the presentation of leased assets more closely to owned assets. 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.

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 of £0.5m offset by an increase in finance costs of £0.5m;
- Reduction in net assets of £1.4m at 30 April 2019;
- No impact on total cash flow; however, net cash from operating activities increased by £2.2m and net cash used in financing activities increased by £2.2m.

Further details are included in note 1(b) to this statement.

Acquisitions

During the period, 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.
- 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.
- 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.

The net cash outflow from acquisitions in the period was £4.4m, comprising the cash consideration of £5.6m net of cash acquired of £1.2m.

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 value of net assets acquired exceeds the accounting value of consideration and consequently a gain of £1.9m has been recognised within transaction costs in the period.

Financing

Net debt reduced to £2.3m at 31 October 2019 (30 April 2019: £6.0m, 31 October 2018: £6.3m). The group has significant headroom in its bank facilities which are committed until August 2023 and comprise a £25m unsecured, committed revolving credit facility and a £5m uncommitted acquisition facility.

The reduction in net debt of £3.7m in the period was generated from free cash flow of £3.1m and net proceeds from the share placing* of £7.8m which funded acquisition and deferred consideration payments of £6.3m and dividends of £0.9m.

Cash flow in the period is summarised as follows:

	2019 **£m**	2018 £m
Net cash from operating activities	**4.6**	3.4
Capital expenditure	**(0.4)**	(0.3)
Capital element of lease payments	**(1.1)**	(1.0)
Free cash flow	**3.1**	2.1
Net proceeds from share placing	**7.8**	-
Acquisition payments	**(4.4)**	-
Deferred consideration payments	**(1.9)**	(0.1)
Dividends	**(0.9)**	(0.8)
Reduction in net debt	**3.7**	1.2

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

During the period, all bank covenants were comfortably met and the group remains in a strong financial position. As a result of the reduced debt levels and the increased profits our leverage* improved to 0.2 times (Apr 2019: 0.7 times).

** Calculated as net debt to operating profit (before transaction costs, amortisation, depreciation on tangible assets, software amortisation and after finance charge on lease liabilities on a trailing 12 month basis).*

Net assets

Net assets at 31 October 2019 were £66.1m, compared to £58.3m at 30 April 2019. The movement represents an increase of £3.1m from post-tax adjusted earnings and £9.8m from the issue of new shares (resulting from the placing and acquisition consideration in the period); offset by dividends of £3.2m and the post-tax impact of acquisition-related transaction and amortisation costs of £1.9m.

Ric Traynor
Executive chairman
10 December 2019

Nick Taylor
Group finance director
10 December 2019

Consolidated statement of comprehensive income

	Note	**Six months ended**	Six months ended	Year ended
		31 October 2019	31 October 2018	30 April 2019
			(restated*)	(restated*)
		(unaudited)	(unaudited)	(unaudited)
		£'000	£'000	£'000
Revenue	2	**33,779**	27,981	60,058
Direct costs		**(19,435)**	(15,908)	(34,276)
Gross profit		**14,344**	12,073	25,782
Other operating income		**210**	216	393
Administrative expenses		**(12,218)**	(11,297)	(21,663)
Operating profit before amortisation and transaction costs	2	**4,460**	3,547	8,033
Transaction costs	3	**(699)**	(1,409)	(1,160)
Amortisation of intangible assets arising on acquisitions		**(1,425)**	(1,146)	(2,361)
Operating profit		**2,336**	992	4,512
Finance costs	4	**(456)**	(503)	(1,006)
Profit before tax		**1,880**	489	3,506
Tax		**(610)**	(489)	(997)
Profit and total comprehensive income for the period		**1,270**	—	2,509
Earnings per share				
Basic and diluted	5	**1.1p**	0.0p	2.2p

All of the profit and comprehensive income for the period is attributable to equity holders of the parent.

*restated for the adoption of IFRS 16 as explained in note 1b

Consolidated statement of changes in equity

For the six months ended 31 October 2019 (unaudited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 May 2019 (restated)	5,719	23,190	22,189	304	6,909	**58,311**
Total comprehensive income for the period	—	—	—	—	1,270	**1,270**
Dividends	—	—	—	—	(3,185)	**(3,185)**
Credit to equity for equity-settled share-based payments	—	—	—	—	26	**26**
Shares issued as consideration for acquisitions	73	—	1,177	—	—	**1,250**
Shares issued as deferred consideration	39	—	561	—	—	**600**
Shares issued	551	7,266	—	—	—	**7,817**
Other share options	1	12	—	—	(13)	**—**
At 31 October 2019	**6,383**	**30,468**	**23,927**	**304**	**5,007**	**66,089**

For the six months ended 31 October 2018 (unaudited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 30 April 2018 (as previously reported)	5,508	22,789	20,248	304	10,300	**59,149**
Restatement for IFRS 16 (note 1b)	—	—	—	—	(1,465)	**(1,465)**
At 30 April 2018 (restated)	5,508	22,789	20,248	304	8,835	**57,684**
Adjustment for changes in accounting policy (IFRS15 & IFRS 9)	—	—	—	—	(1,448)	**(1,448)**
At 1 May 2018 (restated)	5,508	22,789	20,248	304	7,387	**56,236**
Total comprehensive income for the period	—	—	—	—	—	**—**
Dividends	—	—	—	—	(2,649)	**(2,649)**
Credit to equity for equity-settled share-based payments	—	—	—	—	40	**40**
Shares issued as deferred consideration	11	—	139	—	—	**150**
SIP shares issued	1	7	—	—	—	**8**
Other share options	5	78	—	—	(83)	**—**
At 31 October 2018	**5,525**	**22,874**	**20,387**	**304**	**4,695**	**53,785**

For the year ended 30 April 2019 (restated)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 30 April 2018 (as previously reported)	5,508	22,789	20,248	304	10,300	**59,149**
Restatement for IFRS 16 (note 1b)	—	—	—	—	(1,465)	**(1,465)**
At 30 April 2018 (restated)	5,508	22,789	20,248	304	8,835	**57,684**
Adjustment for changes in accounting policy (IFRS15 & IFRS 9)	—	—	—	—	(1,448)	**(1,448)**
At 1 May 2018 (restated)	5,508	22,789	20,248	304	7,387	**56,236**
Total comprehensive income for the period	—	—	—	—	2,509	**2,509**
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	394		—	(437)	—
At 30 April 2019	**5,719**	**23,190**	**22,189**	**304**	**6,909**	58,311

Consolidated balance sheet

	Note	**31 October 2019** **(unaudited)** **£'000**	31 October 2018 restated (unaudited) £'000	30 April 2019 restated (unaudited) £'000
Non-current assets				
Intangible assets		**61,409**	57,843	59,392
Property, plant and equipment		**1,784**	1,488	1,766
Right of use assets		**7,043**	7,319	7,279
Trade and other receivables	7	**5,589**	1,268	3,220
		75,825	67,918	71,657
Current assets				
Trade and other receivables	7	**36,051**	28,637	32,298
Cash and cash equivalents		**5,748**	3,743	4,009
		41,799	32,380	36,307
Total assets		**117,624**	100,298	107,964
Current liabilities				
Trade and other payables	8	**(25,519)**	(19,606)	(21,911)
Current tax liabilities		**(2,399)**	(1,436)	(1,976)
Lease liabilities		**(1,876)**	(2,585)	(2,257)
Provisions		**(361)**	(432)	(457)
		(30,155)	(24,059)	(26,601)
Net current assets		**11,644**	8,321	9,706
Non-current liabilities				
Borrowings		**(8,000)**	(10,000)	(10,000)
Lease liabilities		**(6,059)**	(5,676)	(6,110)
Provisions		**(2,152)**	(2,102)	(2,085)
Deferred tax		**(5,169)**	(4,676)	(4,857)
		(21,380)	(22,454)	(23,052)
Total liabilities		**(51,535)**	(46,513)	(49,653)
Net assets		**66,089**	53,785	58,311
Equity				
Share capital		**6,383**	5,525	5,719
Share premium		**30,468**	22,874	23,190
Merger reserve		**23,927**	20,387	22,189
Capital redemption reserve		**304**	304	304
Retained earnings		**5,007**	4,695	6,909
Equity attributable to owners of the company		**66,089**	53,785	58,311

Consolidated cash flow statement

	Note	**Six months ended 31 October 2019 (unaudited) £'000**	Six months ended 31 October 2018 restated (unaudited) £'000	Year ended 30 April 2019 restated (unaudited) £'000
Cash flows from operating activities				
Cash generated by operations	9	**5,743**	4,390	11,798
Income taxes paid		**(695)**	(622)	(1,362)
Interest paid		**(432)**	(424)	(947)
Net cash from operating activities		**4,616**	3,344	9,489
Investing activities				
Purchase of property, plant and equipment		**(329)**	(249)	(784)
Purchase of intangible fixed assets		**(26)**	(26)	(216)
Deferred consideration payments in the period		**(1,881)**	(128)	(1,030)
Acquisition of businesses (net of cash acquired)		**(4,390)**	—	(1,167)
Net cash from investing activities		**(6,626)**	(403)	(3,197)
Financing activities				
Dividends paid		**(914)**	(771)	(2,649)
Net proceeds on issue of shares		**7,817**	9	10
Repayment of obligations under leases		**(1,154)**	(954)	(2,162)
Repayment of loans		**(2,000)**	(1,000)	(1,000)
Net cash from financing activities		**3,749**	(2,716)	(5,801)
Net increase in cash and cash equivalents		**1,739**	225	491
Cash and cash equivalents at beginning of period		**4,009**	3,518	3,518
Cash and cash equivalents at end of period		**5,748**	3,743	4,009

1. Basis of preparation and accounting policies

(a) Basis of preparation

The half year condensed consolidated financial statements do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the group's annual financial statements as at 30 April 2019, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated half year financial information does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 30 April 2019 were approved by the board of directors on 8 July 2019 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not include a reference to any matters to which the auditor 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.

The directors have reviewed the financial resources available to the group and have concluded that the group is a going concern. This conclusion is based upon, amongst other matters, a review of the group's financial projections for a period of twelve months following the date of this announcement, together with a review of the cash and committed borrowing facilities available to the group. Accordingly, the going concern basis has been used in preparing these half year condensed consolidated financial statements.

The condensed consolidated financial statements for the six months ended 31 October 2019 have not been audited nor subject to an interim review by the auditors. IAS 34 'Interim financial reporting' is not applicable to these half year condensed consolidated financial statements and has therefore not been applied.

(b) Significant accounting policies

The accounting policies adopted in preparation of the half year condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 30 April 2019, apart from those affected by the implementation of IFRS 16 'Leases'.

IFRS 16 – 'Leases'

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.

1. Basis of preparation and accounting policies (continued)

(b) Significant accounting policies (continued)

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 £0.5m to £8.0m;
- Increase in finance costs of £0.5m to £1.0m;
- No impact on profit before tax;
- Reduction in net assets of £1.4m 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 from £7.3m to £9.5m and net cash used in financing activities increased from £3.6m to £5.8m.

The impact of the standard on the group's statement of comprehensive income and cash flow statement for the six months ended 31 October 2018 and the year ended 30 April 2019, together with the impact on the balance sheet at 30 April 2018, 31 October 2018 and 30 April 2019 is below.

	Six months ended 31 October 2018			Year ended 30 April 2019		
Consolidated statement of comprehensive income	Reported (unaudited)	IFRS 16 adoption	**Restated (unaudited)**	Reported (audited)	IFRS 16 adoption	**Restated (unaudited)**
	£'000	£'000	**£'000**	£'000	£'000	**£'000**
Revenue	27,981	—	**27,981**	60,058	—	**60,058**
Direct costs	(15,908)	—	**(15,908)**	(34,276)	—	**(34,276)**
Gross profit	12,073	—	**12,073**	25,782	—	**25,782**
Other operating income	216	—	**216**	393	—	**393**
Administrative expenses	(11,454)	157	**(11,297)**	(22,163)	500	**(21,663)**
Operating profit before amortisation and transaction costs	3,390	157	**3,547**	7,553	480	**8,033**
Transaction costs	(1,409)	—	**(1,409)**	(1,180)	20	**(1,160)**
Amortisation	(1,146)	—	**(1,146)**	(2,361)	—	**(2,361)**
Operating profit	835	157	**992**	4,012	500	**4,512**
Finance costs	(240)	(263)	**(503)**	(486)	(520)	**(1,006)**
Profit before tax	595	(106)	**489**	3,526	(20)	**3,506**
Tax	(510)	21	**(489)**	(1,092)	95	**(997)**
Profit and total comprehensive income for the period	85	(85)	**—**	2,434	75	**2,509**

1. Basis of preparation and accounting policies (continued)

1. (b) Significant accounting policies (continued)

Consolidated balance sheet

	At 30 April 2018		
	Reported (audited)	IFRS 16 adoption	**Restated (unaudited)**
	£'000	£'000	**£'000**
Non-current assets			
Intangible assets	59,061	—	**59,061**
Property, plant and equipment	1,512	—	**1,512**
Right of use assets	—	7,066	**7,066**
Other receivables	1,759	—	**1,759**
	62,332	7,066	**69,398**
Current assets			
Trade and other receivables	30,829	(225)	**30,604**
Cash and cash equivalents	3,518	—	**3,518**
	34,347	(225)	**34,122**
Total assets	96,679	6,841	**103,520**
Current liabilities			
Trade and other payables	(17,268)	887	**(16,381)**
Current tax liabilities	(1,548)	—	**(1,548)**
Lease liabilities	—	(2,467)	**(2,467)**
Provisions	(783)	(626)	**(1,409)**
	(19,599)	(2,206)	**(21,805)**
Net current assets	14,748	(2,431)	**12,317**
Non-current liabilities			
Trade and other payables	(1,093)	—	**(1,093)**
Borrowings	(11,000)	—	**(11,000)**
Lease liabilities	—	(5,552)	**(5,552)**
Provisions	(414)	(937)	**(1,351)**
Deferred tax	(5,424)	389	**(5,035)**
	(17,931)	(6,100)	**(24,031)**
Total liabilities	(37,530)	(8,306)	**(45,836)**
Net assets	59,149	(1,465)	**57,684**
Equity			
Share capital	5,508	—	**5,508**
Share premium	22,789	—	**22,789**
Merger reserve	20,248	—	**20,248**
Exchange reserve	304	—	**304**
Retained earnings	10,300	(1,465)	**8,835**
Equity attributable to owners of the company	59,149	(1,465)	**57,684**

1. Basis of preparation and accounting policies (continued)

1. (b) Significant accounting policies (continued)

Consolidated balance sheet	At 31 October 2018			At 30 April 2019		
	Reported (unaudited)	IFRS 16 adoption	**Restated (unaudited)**	Reported (audited)	IFRS 16 adoption	**Restated (unaudited)**
	£'000	£'000	**£'000**	**£'000**	£'000	**£'000**
Non-current assets						
Intangible assets	57,843	—	**57,843**	59,392	—	**59,392**
Property, plant and equipment	1,488	—	**1,488**	1,766	—	**1,766**
Right of use assets		7,319	**7,319**	—	7,279	**7,279**
Other receivables	1,268	—	**1,268**	3,220	—	**3,220**
	60,599	7,319	**67,918**	64,378	7,279	**71,657**
Current assets						
Trade and other receivables	28,917	(280)	**28,637**	32,653	(355)	**32,298**
Cash and cash equivalents	3,743	—	**3,743**	4,009	—	**4,009**
	32,660	(280)	**32,380**	36,662	(355)	**36,307**
Total assets	93,259	7,039	**100,298**	101,040	6,924	**107,964**
Current liabilities						
Trade and other payables	(20,528)	922	**(19,606)**	(22,664)	753	**(21,911)**
Current tax liabilities	(1,436)	—	**(1,436)**	(1,976)	—	**(1,976)**
Lease liabilities	—	(2,585)	**(2,585)**	—	(2,257)	**(2,257)**
Provisions	(496)	64	**(432)**	(588)	131	**(457)**
	(22,460)	(1,599)	**(24,059)**	(25,228)	(1,373)	**(26,601)**
Net current assets	10,200	(1,879)	**8,321**	11,434	(1,728)	**9,706**
Non-current liabilities						
Borrowings	(10,000)	—	**(10,000)**	(10,000)	—	**(10,000)**
Lease liabilities	—	(5,676)	**(5,676)**	—	(6,110)	**(6,110)**
Provisions	(366)	(1,736)	**(2,102)**	(763)	(1,322)	**(2,085)**
Deferred tax	(5,087)	411	**(4,676)**	(5,348)	491	**(4,857)**
	(15,453)	(7,001)	**(22,454)**	(16,111)	(6,941)	**(23,052)**
Total liabilities	(37,913)	(8,600)	**(46,513)**	(41,339)	(8,314)	**(49,653)**
Net assets	55,346	(1,561)	**53,785**	59,701	(1,390)	**58,311**
Equity						
Share capital	5,525	—	**5,525**	5,719	—	**5,719**
Share premium	22,874	—	**22,874**	23,190	—	**23,190**
Merger reserve	20,387	—	**20,387**	22,189	—	**22,189**
Exchange reserve	304	—	**304**	304	—	**304**
Retained earnings	6,256	(1,561)	**4,695**	8,299	(1,390)	**6,909**
Equity attributable to owners of the company	55,346	(1,561)	**53,785**	59,701	(1,390)	**58,311**

Consolidated cashflow statement	Six months ended 31 October 2018			Year ended 30 April 2019		
	Reported (unaudited)	IFRS 16 impact	**Restated (unaudited)**	Reported (audited)	IFRS 16 impact	**Restated (unaudited)**
	£'000	£'000	**£'000**	**£'000**	£'000	**£'000**
Cash flows from operating activities						
Cash generated by operations	3,206	1,184	**4,390**	9,178	2,620	**11,798**
Income taxes paid	(622)	—	**(622)**	(1,362)	—	**(1,362)**
Interest paid	(194)	(230)	**(424)**	(489)	(458)	**(947)**
Net cash from operating activities	2,390	954	**3,344**	7,327	2,162	**9,489**
Investing activities						
Purchase of property, plant and equipment	(249)	—	**(249)**	(784)	—	**(784)**
Purchase of intangible fixed assets	(26)	—	**(26)**	(216)	—	**(216)**
Deferred consideration payments in the period	(128)	—	**(128)**	(1,030)	—	**(1,030)**
Acquisition of businesses	—	—	**—**	(1,167)	—	**(1,167)**
Net cash from investing activities	(403)	—	**(403)**	(3,197)	—	**(3,197)**
Financing activities						
Dividends paid	(771)	—	**(771)**	(2,649)	—	**(2,649)**
Proceeds on issue of shares	9	—	**9**	10	—	**10**
Repayment of obligations under leases	—	(954)	**(954)**	—	(2,162)	**(2,162)**
Repayment of loans	(1,000)	—	**(1,000)**	(1,000)	—	**(1,000)**
Net cash from financing activities	(1,762)	(954)	**(2,716)**	(3,639)	(2,162)	**(5,801)**
Net increase in cash and cash equivalents	225	—	**225**	491	—	**491**
Cash and cash equivalents at start of period	3,518	—	**3,518**	3,518	—	**3,518**
Cash and cash equivalents at end of period	3,743	—	**3,743**	4,009	—	**4,009**

2. Segmental analysis by class of business

	Six months ended 31 October 2019 (unaudited) £'000	Six months ended 31 October 2018 (restated) (unaudited) £'000	Year ended 30 April 2019 (restated) (unaudited) £'000
Revenue			
Business recovery and financial advisory	**23,043**	19,982	43,313
Property advisory and transactional services	**10,736**	7,999	16,745
	33,779	27,981	60,058
Operating profit before amortisation and transaction costs			
Business recovery and financial advisory	**4,864**	3,688	8,919
Property advisory and transactional services	**2,137**	2,103	3,826
Shared and central costs	**(2,541)**	(2,244)	(4,712)
	4,460	3,547	8,033

3. Transaction costs

	Six months ended 31 October 2019 (unaudited) £'000	Six months ended 31 October 2018 (restated) (unaudited) £'000	Year ended 30 April 2019 (restated) (unaudited) £'000
Deemed remuneration	**1,737**	1,045	2,806
Acquisition costs	**445**	—	154
Gain on acquisition	**(1,928)**	—	(2,929)
Charge relating to the put and call option over Begbies Traynor (London) LLP	**445**	364	1,129
	699	1,409	1,160

4. Finance costs

	Six months ended 31 October 2019 (unaudited) £'000	Six months ended 31 October 2018 (restated) (unaudited) £'000	Year ended 30 April 2019 (restated) (unaudited) £'000
Interest on bank loans	**205**	240	486
Finance charge on lease liabilities	**251**	263	520
	456	503	1,006

5. Earnings per share

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

	Six months ended 31 October 2019 (unaudited)	Six months ended 31 October 2018 (restated) (unaudited)	Year ended 30 April 2019 (restated) (unaudited)
	£'000	£'000	£'000
Earnings			
Profit for the period attributable to equity holders	**1,270**	0	2,509

	31 October 2019 (unaudited)	31 October 2018 (unaudited)	30 April 2019 (audited)
	number	number	number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**120,124,194**	112,087,052	112,547,759
Effect of dilutive potential ordinary shares:			
Share options	**2,006,906**	1,079,286	404,262
Contingent shares	**338,983**	2,975,783	3,476,190
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**122,470,083**	116,142,121	116,428,211

	Six months ended 31 October 2019 (unaudited)	Six months ended 31 October 2018 (restated) (unaudited)	Year ended 30 April 2019 (restated) (unaudited)
	pence	pence	pence
Basic earnings per share	1.1	0.0	2.2
Diluted earnings per share	1.0	0.0	2.2

The following additional earnings per share figures are presented as the directors believe they provide a better understanding of the trading position of the group, as they exclude the accounting charges which arise due to acquisitions in accordance with IFRS 3 and are not influenced by the day-to-day operations of the group.

	Six months ended 31 October 2019 (unaudited)	Six months ended 31 October 2018 (restated) (unaudited)	Year ended 30 April 2019 (restated) (unaudited)
	£'000	£'000	£'000
Earnings			
Profit for the period attributable to equity holders	**1,270**	0	2,509
Amortisation of intangible assets arising on acquisitions	**1,425**	1,146	2,361
Transaction costs	**699**	1,409	1,160
Tax effect of above items	**(271)**	(218)	(449)
Adjusted earnings	**3,123**	2,337	5,581

	Six months ended 31 October 2019 (unaudited)	Six months ended 31 October 2018 (restated) (unaudited)	Year ended 30 April 2019 (restated) (unaudited)
	pence	pence	pence
Adjusted basic earnings per share	**2.6**	2.1	5.0
Adjusted diluted earnings per share	**2.6**	2.0	4.8

6. Dividends

The interim dividend of 0.9p (2018: 0.8p) per share (not recognised as a liability at 31 October 2019) will be payable on 11 May 2020 to ordinary shareholders on the register at 14 April 2020. The final dividend of 1.8p per share as proposed in the 30 April 2019 financial statements and approved at the group's AGM was paid on 7 November 2019 and was recognised as a liability at 31 October 2019.

7. Trade and other receivables

	31 October 2019	31 October 2018	30 April 2019
		(restated)	(restated)
	(unaudited)	(unaudited)	(unaudited)
	£'000	£'000	£'000
Non current			
Deemed remuneration	**5,589**	1,268	3,220
Current			
Trade receivables	**7,158**	5,660	7,823
Less: impairment provision	**(1,420)**	(1,366)	(1,338)
Trade receivables – net	**5,738**	4,294	6,485
Unbilled income	**23,910**	20,679	21,310
Other debtors and prepayments	**2,526**	2,489	2,024
Deemed remuneration	**3,877**	1,175	2,479
	36,051	28,637	32,298

8. Trade and other payables

	31 October 2019	31 October 2018	30 April 2019
		(restated)	(restated)
	(unaudited)	(unaudited)	(unaudited)
	£'000	£'000	£'000
Current			
Trade payables	**1,391**	1,175	953
Accruals	**5,972**	4,522	6,372
Final dividend	**2,271**	1,878	—
Other taxes and social security	**2,620**	2,113	3,308
Deferred income	**4,494**	2,230	3,338
Other creditors	**6,370**	5,503	4,830
Deemed remuneration liabilities	**2,401**	2,185	3,110
	25,519	19,606	21,911

9. Reconciliation to the cash flow statement

	31 October 2019	31 October 2018	30 April 2019
		(restated)	(restated)
	(unaudited)	(unaudited)	(unaudited)
	£'000	£'000	£'000
Profit for the period	**1,270**	—	2,509
Adjustments for:			
Tax	**610**	489	997
Finance costs	**456**	503	1,006
Amortisation of intangible assets	**1,541**	1,244	2,558
Depreciation of property, plant and equipment	**333**	273	563
Depreciation of right of use assets	**1,005**	1,022	2,089
Impairment of right of use asset	—	—	340
Deemed remuneration	**1,737**	1,045	2,806
Charge relating to the put and call option over Begbies Traynor (London) LLP	**445**	364	1,129
Gain on acquisition	**(1,928)**	—	(2,929)
Loss on disposal of fixed assets	**12**	—	—
Share-based payment expense	**26**	40	99
Operating cash flows before movements in working capital	**5,507**	4,980	11,167
(Increase) decrease in receivables	**(726)**	196	(698)
Increase (decrease) in payables	**1,071**	(450)	1,770
Decrease in provisions	**(109)**	(336)	(441)
Cash generated by operations	**5,743**	4,390	11,798