14 December 2021

Begbies Traynor Group

Begbies Traynor Group plc

Half year results
for the six months ended 31 October 2021

"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 2021.

Financial overview

	2021 £m	2020 £m
Revenue	52.3	37.5
Adjusted profit before tax* **	8.0	5.0
Profit before tax	2.7	0.5
Adjusted basic EPS* *** (p)	4.1	3.1
Basic EPS (p)	(0.2)	(0.3)
Interim dividend (p)	1.1	1.0
Net cash	1.2	0.7

Highlights

- Strong financial performance, reflects benefit and integration of recent acquisitions
  - Maintains track record of growth in revenue and adjusted earnings
- Revenue growth of 39% with increased operating margins to 16.0% (2020: 14.4%)
- Strong adjusted profit before tax growth of 60%; statutory profit before tax reflects increased non-cash amortisation costs, and transaction costs, from recent acquisitions
- Significant growth in segmental revenue and profits
  - Business recovery and financial advisory reported material growth: recent acquisitions in line with expectations; organic activity reflected suppressed market, as expected; advisory and transactional teams performed well
  - Property advisory and transactional services: performance improved from lockdown impacted prior period
- Continued to expand the scale and capabilities of the group
  - Acquired MAF Finance Group (finance brokerage) in May 2021, which complements existing advisory and transactional services
  - Acquired the team from Fernie Greaves Chartered Surveyors in October 2021, who joined our existing Eddisons Sheffield office
- 10% increase in the interim dividend, building on the increases of the previous four years
- Strong balance sheet and significant levels of headroom within our committed bank facilities enable continued investment in organic and acquisition opportunities

Current trading and outlook

- Results for the full year expected to be in line with current market expectations****, which will represent a year of significant growth
  - As previously guided, we expect a second half weighting as a result of an anticipated increase in market insolvency levels over the remainder of the financial year
- Q3 trading update will be issued in early March 2022

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

"I am pleased to report a strong financial performance in the period, which is testament to the benefit and integration of our recent acquisitions and maintains our track record of growth in revenue and adjusted earnings. This strong performance, and an anticipated increase in national insolvency numbers following the removal of the Government's pandemic support measures, leaves us confident of delivering market expectations**** for the full year.

"We have a strong platform for growth, and we continue to progress a pipeline of acquisition opportunities, which together with organic growth initiatives across the group, will enable us to build upon our track record and we remain confident in our outlook for the current year and beyond."

** 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 £2.7m (2020: £0.5m) plus amortisation of intangible assets arising on acquisitions of £2.6m (2020: £1.5m) plus transaction costs of £2.7m (2020: £3.1m).*

**** See reconciliation in note 5.*

***** Current range of analyst forecasts for adjusted PBT of £17.0m-£18.5m (as compiled by the group)*

There will be a webcast and conference call for analysts today at 9:00am. Please contact Pandora Yadgaroff via begbies@mhpc.com or on 020 3128 8168 if you would like to receive details.

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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 990 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 - Debt advisory, due diligence and transactional support, accelerated corporate finance, pensions advisory, business and financial restructuring, forensic accounting and investigations, finance broking.
- 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.

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 financial performance in the first six months of our financial year, which is testament to the benefit and integration of our recent acquisitions and maintains our track record of growth in revenue and adjusted earnings.

The Government’s financial support measures, which have been in place since the start of the pandemic, have progressively been withdrawn over the period, with the final measures scheduled to end in March 2022. As a result, insolvency numbers have increased over the last six months and have now returned to pre-pandemic levels*. The increases to date have principally been from increased liquidations (which are typically insolvencies of smaller companies). Although administrations (which are typically larger and more complex instructions) have increased in recent months from the record low levels, they remain much lower than pre-pandemic levels.

Both of our operating divisions have delivered a strong performance in the six months, with significant growth in segmental revenue and profits.

The business recovery and financial advisory division has reported material growth in the period. The prior year acquisitions have performed in line with expectations and have been integrated as planned. Organic activity levels have reflected the suppressed market dynamics in the six months as expected. Our corporate finance team had a successful six months of deal completions and has a strong pipeline of transactions for the second half of our financial year. The MAF Finance Group acquisition (completed in May 2021) has delivered results in line with expectations, with synergy and cross selling opportunities being identified as the business has been integrated into the group.

The property advisory and transactional services division performed well and achieved year on year growth in revenue and profit (inclusive of acquisitions) from an improved trading performance compared to the lockdown impacted comparative period.

We have a strong balance sheet and significant levels of headroom within our committed bank facilities, which ensures we are well placed to continue to invest in our successful growth strategy.

** Insolvency Service – monthly insolvency statistics October 2021 published 16 November 2021*

RESULTS

Group revenue in the half year ended 31 October 2021 increased by 39% to £52.3m (2020: £37.5m). Operating margins increased in the period to 16.0% (2020: 14.4%), resulting in a 60% increase in adjusted* profit before tax** to £8.0m (2020: £5.0m). Statutory profit before tax was £2.7m (2020: £0.5m), reflecting an increase in non-cash amortisation costs from recent acquisitions to £2.6m (2020: £1.5m) and transaction costs of £2.7m (2020: £3.1m).

Adjusted* basic earnings per share*** increased by 32% to 4.1p (2020: 3.1p).

Statutory results for the period reflect a one-off non-cash deferred tax charge of £1.8m, following the legislation to increase the UK corporation tax rate to 25% being enacted, giving a loss after tax of £0.3m (2020: loss £0.3m). Basic loss per share was 0.2p (2020: 0.3p).

Net cash as at 31 October 2021 was £1.2m (30 April 2021: £3.0m, 31 October 2020: £0.7m), after £3.5m of acquisition and deferred consideration payments in the period.

** 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 £2.7m (2020: £0.5m) plus amortisation of intangible assets arising on acquisitions of £2.6m (2020: £1.5m) plus transaction costs of £2.7m (2020: £3.1m).*

**** See reconciliation in note 5.*

DIVIDEND

The board is pleased to declare a 10% increase in the interim dividend to 1.1p (2020: 1.0p), which builds on the increases over the previous four years and reflects our confidence in sustaining our financial track record and the group’s financial position and prospects. We remain committed to a long-term progressive dividend policy, which takes account of the group’s earnings growth, our investment plans and cash requirements, together with the market outlook.

The interim dividend will be paid on 6 May 2022 to shareholders on the register on 8 April 2022, with an ex-dividend date of 7 April 2022.

OUTLOOK

The group's strong financial performance in the first six months leaves the board confident of delivering market expectations* for the full year, which will represent a year of significant growth.

As stated above, national insolvency numbers have increased over the period, as the Government's pandemic support measures have been removed. As previously guided, we expect our results will have a second half weighting, as we anticipate insolvency activity will continue to increase over the remainder of our financial year (to 30 April 2022).

Following our recent acquisitions and organic development of the group, our broad range of complementary services provide a strong platform for growth. We continue to progress a pipeline of acquisition opportunities, which together with organic growth initiatives across the group, will enable us to build upon our track record and we remain confident in our outlook for the current year and beyond.

We will provide an update on third quarter trading in early March 2022.

** current range of analyst forecasts for adjusted PBT of £17.0m-£18.5m (as compiled by the group)*

Ric Traynor
Executive chairman
14 December 2021

BUSINESS REVIEW

OPERATING REVIEW

Business recovery and financial advisory

Financial summary

Revenue in the period increased by 48% to £38.7m (2020: £26.1m), principally from the first-time contribution from acquisitions (£13.2m), partially offset by lower organic revenues (£0.6m), which reflects the market dynamics in the period of an increased volume of lower value cases.

Segmental profits for the period increased by 47% to £9.7m (2020: £6.6m), with operating margins broadly maintained at 25.1%. Operating costs increased by 48% to £28.9m (2020: £19.5m), due to the addition of the operating costs of the acquired businesses.

Operating review

The strong financial performance in the period reflects the benefit and integration of the acquisitions in the division completed since January 2021.

The CVR (January 2021) and DRP (March 2021) acquisitions have significantly increased the scale of our insolvency business, notably in the key London marketplace. The integration of both businesses was completed on target with local teams being merged into common locations. Both acquisitions have performed well and in line with expectations.

The MAF Finance Group, which was acquired in May 2021, is a finance brokerage supporting its clients through arranging facilities for investment in new asset purchases together with refinancing existing facilities. Finance broking complements our advisory and transactional services and will deepen our relationship with banks and other lenders. Results for the first six months post acquisition are in line with expectations and synergy and cross selling opportunities have been identified as the business has been integrated into the group.

On an organic basis, the results reflect the market challenges we have experienced since the start of the pandemic, where Government financial support measures have materially impacted market volumes. Although insolvency volumes over the six-month period have increased, this has largely been in liquidations of smaller companies. The business has performed well against these market headwinds and increased its market share by volume over the period to 14% from 10% last year, benefitting from both organic and acquired growth, across both liquidations and administrations.

The insolvency order book increased to £29.0m as at 31 October 2021 (30 April 2021: £28.3m, 31 October 2020 £20.9m), reflecting the benefit of acquisitions and our continued market share gains, and giving confidence on future revenue levels.

Our corporate finance team had a successful six months of deal completions and has a strong pipeline of transactions for the second half of our financial year.

Insolvency market

As we have previously reported, the Government's support measures had a significant impact on insolvency volumes over the course of the pandemic, from both financial support and temporary changes in legislation. The number of corporate insolvencies in the 12 months ended 30 September 2021* decreased by 10% to 12,456 (2020: 13,767), or 26% compared to the pre-pandemic position of 16,826 in the 12 months ended 30 September 2019.

Over the course of the last six months the majority of the support has been removed, with the final measures scheduled to end in March 2022. This has resulted in an increase in insolvencies to 3,765 in Q3 of calendar 2021 from a low point of 2,374 in Q1 of calendar 2021.

This increase has largely been from increased numbers of liquidations (which typically represent insolvencies of smaller companies), where the volume of appointments has recently returned to pre-pandemic levels. Although the number of administrations (which typically involve larger and more complex instructions) has increased in recent months, they are currently much lower than pre-pandemic levels. We have increased our share (by volume) of both market segments in the year.

**Source: The Insolvency Service quarterly statistics on the number of corporate insolvencies (excluding compulsory liquidations) in England and Wales on a seasonally adjusted basis.*

Property advisory and transactional services

Financial summary

Revenue in the period increased by 19% to £13.6m (2020: £11.4m), reflecting the recovery in activity levels compared to the lockdown impacted comparative period (£1.6m) and the first-time contribution from acquisitions (£0.6m).

Segmental profits for the period increased by 50% to £2.4m (2020: £1.6m), with operating margins improving to 17.6% (2020: 14.0%). Operating costs increased to £11.2m (2020: £9.7m), which reflects the normalisation of the cost base (following short-term cost reductions in place during the comparative period) and acquisitions.

Operating review

The period saw the maintained recovery of the service lines which had been adversely impacted by lockdown in the comparative period. Other service lines continued to deliver financial performance in line with expectations. We have continued to invest in the recruitment of fee earners, in both our transactional and advisory services, to strengthen our client offer in key areas. This has broadened our client base which is further enhanced by increased opportunities from public sector frameworks.

The HNG acquisition (completed February 2021) has enhanced our property management, agency and lease advisory services. The team has now been fully integrated into the division, having merged with the original Eddisons team in London. Its contribution is likely to be second half weighted reflecting a number of current projects.

In October 2021, we expanded our operations in South Yorkshire through the acquisition of the team from Fernie Greaves Chartered Surveyors who have joined our existing Sheffield team. This acquisition has broadened our reach across South Yorkshire and the East Midlands.

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

FINANCE REVIEW

Financial summary

	2021 **£m**	2020 £m
Revenue	**52.3**	37.5
Operating profit (before transaction costs and amortisation)	**8.4**	5.4
Finance costs	**(0.4)**	(0.4)
Adjusted profit before tax	**8.0**	5.0
Transaction costs	**(2.7)**	(3.1)
Amortisation of intangible assets arising on acquisitions	**(2.6)**	(1.5)
Profit before tax	**2.7**	0.5
Tax on profits on ordinary activities	**(1.2)**	(0.8)
Deferred tax charge due to change in tax rate	**(1.8)**	-
Statutory loss for the period	**(0.3)**	(0.3)

Operating result (before transaction costs and amortisation)

Revenue in the period increased by £14.8m to £52.3m (2020: £37.5m), an overall increase of 39% (36% acquired).

	Revenue (£m)			Profit (£m)		
	2021	2020	*growth*	**2021**	2020	*growth*
Business recovery and financial advisory	**38.7**	26.1	*48%*	**9.7**	6.6	*47%*
Property advisory and transactional services	**13.6**	11.4	*19%*	**2.4**	1.6	*50%*
Shared and central costs	-	-	-	**(3.6)**	(2.7)	*33%*
Total	**52.3**	37.5	*39%*	**8.4**	5.4	*53%*

Operating margins increased in the period to 16.0% (2020: 14.4%), reflecting the recovery in margins in property and transactional services (as noted in the operating review), together with shared and central costs reducing as a percentage of group revenue to 6.9% (2020: 7.2%).

Adjusted profit before tax increased by 60% to £8.0m (2020: £5.0m) in the period from the increased operating profit, with finance costs in line with the prior period.

Tax

The overall tax charge for the period was £3.0m (2020: £0.8m) as detailed below:

	2021				2020			
	Profit before tax £m	**Tax £m**	**Profit after tax £m**	***Effective rate***	Profit before tax £m	Tax £m	Profit after tax £m	*Effective rate*
Adjusted	**8.0**	**(1.7)**	**6.3**	***21%***	5.1	(1.1)	4.0	*21%*
Transaction costs	**(2.7)**	**-**	**(2.7)**	**-**	(3.1)	-	(3.1)	-
Amortisation	**(2.6)**	**0.5**	**(2.1)**	***19%***	(1.5)	0.3	(1.2)	*19%*
Tax on ordinary activities	**2.7**	**(1.2)**	**1.5**	***43%***	0.5	(0.8)	(0.3)	*160%*
Deferred tax charge from change in rate	**-**	**(1.8)**	**(1.8)**	**-**	-	-	-	-
Statutory	**2.7**	**(3.0)**	**(0.3)**	***107%***	0.5	(0.8)	(0.3)	*172%*

The adjusted tax rate of 21% is based on the expected rate for the full year.

The deferred tax charge of £1.8m is a one-off non-cash charge, resulting from an increase in deferred tax liabilities following the legislation to increase the UK corporation tax rate to 25% being enacted during the period.

Earnings per share

Adjusted basic earnings per share* increased by 32% to 4.1p (2020: 3.1p).

Statutory results for the period, reflect the one-off non-cash deferred tax charge noted above and non-cash transaction costs and amortisation, giving a basic loss per share of 0.2p (2020: loss per share 0.3p).

** See reconciliation in note 5*

Partners and employees

The average number of full-time equivalent (FTE) partners and staff working in the group increased due to both acquisitions and organic investment.

	2021				2020			
	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	**85**	**-**	**-**	**85**	63	-	-	63
Staff	**400**	**260**	**-**	**660**	254	230	-	484
Fee earners	**485**	**260**	**-**	**745**	317	230	-	547
Support teams	**64**	**10**	**76**	**150**	39	5	65	109
Total	**549**	**270**	**76**	**895**	356	235	65	656

The ratio of our support teams to fee earning partners and staff is maintained at 5.0 (2020: 5.0).

Financing

The group has maintained its strong financial position with net cash of £1.2m as at 31 October 2021 (30 April 2021: £3.0m, 31 October 2020: £0.7m), after £3.5m of acquisition and deferred consideration payments in the period. We have significant levels of headroom within our bank facilities which are committed until August 2023 and comprise a £25m unsecured, committed revolving credit facility and a £5m uncommitted acquisition facility. During the period, all bank covenants were comfortably met.

Free cash flow in the period reduced to £3.1m (2020: £6.0m). Net cash from operating activities in the period was £4.9m (2020: £7.5m) reflecting increased adjusted pre-tax profits of £3.0m offset by increased tax payments (£0.6m) and working capital (£2.6m). Furthermore, prior year cash flow benefitted from £2.7m of deferred VAT payments (which were settled in the second half of the year).

Cash flow in the period is summarised as follows:

	2021 **£m**	2020 £m
Net cash from operating activities (before deemed remuneration)	**5.4**	7.5
Capital expenditure	**(0.4)**	(0.3)
Capital element of lease payments	**(1.8)**	(1.2)
Free cash flow	**3.2**	6.0
Acquisition payments	**(2.2)**	(0.4)
Deferred consideration payments	**(1.3)**	(1.1)
Dividends	**(1.5)**	(1.1)
Net cash (outflow) inflow	**(1.8)**	3.4

Net assets

Net assets as at 31 October 2021 were £83.1m, compared to £86.3m as at 30 April 2021. The movement represents an increase of £6.3m from post-tax adjusted earnings and £1.7m from the issue of new shares; offset by dividends of £4.6m, the post-tax impact of acquisition-related transaction and amortisation costs of £4.8m and a one-off non-cash deferred tax charge of £1.8m as noted above.

Ric Traynor
Executive chairman
14 December 2021

Nick Taylor
Group finance director
14 December 2021

Consolidated statement of comprehensive income

	Note	**Six months ended 31 October 2021 (unaudited) £'000**	Six months ended 31 October 2020 (unaudited) £'000	Year ended 30 April 2021 (audited) £'000
Revenue	2	**52,268**	37,493	83,831
Direct costs		**(30,196)**	(21,876)	(48,281)
Gross profit		**22,072**	15,617	35,550
Other operating income		**99**	114	179
Administrative expenses		**(19,065)**	(14,841)	(32,939)
Operating profit before amortisation and transaction costs	2	**8,441**	5,468	12,394
Transaction costs	3	**(2,686)**	(3,099)	(6,546)
Amortisation of intangible assets arising on acquisitions		**(2,649)**	(1,479)	(3,058)
Operating profit		**3,106**	890	2,790
Finance costs	4	**(413)**	(439)	(883)
Profit before tax		**2,693**	451	1,907
Tax on profits on ordinary activities		**(1,207)**	(775)	(1,754)
Deferred tax charge due to change in tax rate		**(1,817)**	—	—
Total tax charge		**(3,024)**	(775)	(1,754)
(Loss) profit and total comprehensive (loss) income for the period		**(331)**	(324)	153
Earnings per share				
Basic	5	**(0.2)p**	(0.3)p	0.1p
Diluted	5	**(0.2)p**	(0.2)p	0.1p

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

Consolidated statement of changes in equity

For the six months ended 31 October 2021 (unaudited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 May 2021	7,547	29,325	25,974	304	23,100	**86,250**
Total comprehensive income for the period	—	—	—	—	(331)	**(331)**
Dividends	—	—	—	—	(4,553)	**(4,553)**
Shares issued as consideration for acquisitions	42	—	958	—	—	**1,000**
Credit to equity for equity-settled share-based payments	—	—	—	—	717	**717**
Other share options	21	10	—	—	—	**31**
At 31 October 2021	**7,610**	**29,335**	**26,932**	**304**	**18,933**	**83,114**

For the six months ended 31 October 2020 (unaudited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 May 2020	6,386	29,459	23,927	304	5,495	**65,571**
Total comprehensive income for the period	—	—	—	—	(324)	**(324)**
Dividends	—	—	—	—	(3,579)	**(3,579)**
Transfer from share premium account	—	(20,000)	—	—	20,000	—
Credit to equity for equity-settled share-based payments	—	—	—	—	287	**287**
Other share options	1	—	—	—	(1)	**—**
At 31 October 2020	**6,387**	**9,459**	**23,927**	**304**	**21,878**	**61,955**

For the year ended 30 April 2021 (audited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 May 2020	6,386	29,459	23,927	304	5,495	65,571
Total comprehensive income for the period	—	—	—	—	153	153
Dividends	—	—	—	—	(3,579)	(3,579)
Transfer from share premium account	—	(20,000)	—	—	20,000	—
Credit to equity for equity-settled share-based payments	—	—	—	—	1,031	1,031
Shares issued as consideration for acquisitions	95	—	1,905	—	—	2,000
Shares issued as deferred consideration	8	—	142	—	—	150
Placing shares issued	1,043	19,852	—	—	—	20,895
Other share options	15	14	—	—	—	29
At 30 April 2021	7,547	29,325	25,974	304	23,100	86,250

Consolidated balance sheet

	Note	**31 October 2021 (unaudited) £'000**	31 October 2020 (unaudited) £'000	30 April 2021 (audited) £'000
Non-current assets				
Intangible assets		**77,348**	58,289	77,637
Property, plant and equipment		**1,900**	1,715	2,069
Right of use assets		**6,131**	6,624	7,502
Trade and other receivables	7	**4,331**	4,016	3,970
		89,710	70,644	91,178
Current assets				
Trade and other receivables	7	**49,949**	37,742	45,425
Cash and cash equivalents		**7,171**	7,672	7,986
		57,120	45,414	53,411
Total assets		**146,830**	116,058	144,589
Current liabilities				
Trade and other payables	8	**(38,093)**	(29,258)	(33,273)
Current tax liabilities		**(2,109)**	(1,558)	(2,612)
Lease liabilities		**(2,572)**	(2,224)	(2,975)
Provisions		**(520)**	(1,079)	(566)
		(43,294)	(34,119)	(39,426)
Net current assets		**13,826**	11,295	13,985
Non-current liabilities				
Borrowings		**(6,000)**	(7,000)	(5,000)
Lease liabilities		**(4,583)**	(5,661)	(5,846)
Provisions		**(2,521)**	(1,594)	(2,609)
Deferred tax		**(7,318)**	(5,729)	(5,458)
		(20,422)	(19,984)	(18,913)
Total liabilities		**(63,716)**	(54,103)	(58,339)
Net assets		**83,114**	61,955	86,250
Equity				
Share capital		**7,610**	6,387	7,547
Share premium		**29,335**	9,459	29,325
Merger reserve		**26,932**	23,927	25,974
Capital redemption reserve		**304**	304	304
Retained earnings		**18,933**	21,878	23,100
Equity attributable to owners of the company		**83,114**	61,955	86,250

Consolidated cash flow statement

	Note	**Six months ended 31 October 2021 (unaudited)**	Six months ended 31 October 2020 (unaudited)	Year ended 30 April 2021 (audited)
		£'000	£'000	£'000
Cash flows from operating activities				
Cash generated by operations	9	**4,084**	8,108	16,162
Income taxes paid		**(1,708)**	(1,127)	(2,273)
Interest paid on borrowings		**(154)**	(184)	(342)
Interest paid on lease liabilities		**(238)**	(248)	(506)
Net cash from operating activities (before deemed remuneration payments)		**5,304**	7,453	16,236
Deemed remuneration payments		**(3,320)**	(904)	(3,195)
Net cash from operating activities		**1,984**	6,549	13,041
Investing activities				
Purchase of intangible fixed assets		**(43)**	(27)	(307)
Purchase of property, plant and equipment		**(308)**	(282)	(997)
Acquisition of businesses		**(345)**	(350)	(22,033)
Deferred consideration payments		**(50)**	(150)	(150)
Net cash acquired in acquisition of businesses		**220**	—	1,522
Net cash from investing activities		**(526)**	(809)	(21,965)
Financing activities				
Dividends paid		**(1,509)**	(1,149)	(3,579)
Net proceeds on issue of shares		**31**	—	20,923
Repayment of obligations under leases		**(1,795)**	(1,166)	(2,681)
Drawdown (repayment) of loans		**1,000**	(3,000)	(5,000)
Net cash from financing activities		**(2,273)**	(5,315)	9,663
Net (decrease) increase in cash and cash equivalents		**(815)**	425	739
Cash and cash equivalents at beginning of period		**7,986**	7,247	7,247
Cash and cash equivalents at end of period		**7,171**	7,672	7,986

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 2021, 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 2021 were approved by the board of directors on 19 July 2021 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 2021 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 2021.

2. Segmental analysis by class of business

	Six months ended 31 October 2021 (unaudited) £'000	Six months ended 31 October 2020 (unaudited) £'000	Year ended 30 April 2021 (audited) £'000
Revenue			
Business recovery and financial advisory	**38,653**	26,146	59,697
Property advisory and transactional services	**13,615**	11,347	24,134
	52,268	37,493	83,831
Operating profit before amortisation and transaction costs			
Business recovery and financial advisory	**9,693**	6,571	14,721
Property advisory and transactional services	**2,388**	1,554	3,875
Shared and central costs	**(3,640)**	(2,657)	(6,202)
	8,441	5,468	12,394

3. Transaction costs

	Six months ended 31 October 2021 (unaudited) £'000	Six months ended 31 October 2020 (unaudited) £'000	Year ended 30 April 2021 (audited) £'000
Deemed remuneration	**4,692**	2,614	5,449
Acquisition costs	**109**	41	439
Gain on acquisition	**(2,115)**	(1)	(231)
Charge relating to the put and call option over Begbies Traynor (London) LLP	**-**	445	889
	2,686	3,099	6,546

4. Finance costs

	Six months ended 31 October 2021 (unaudited) £'000	Six months ended 31 October 2020 (unaudited) £'000	Year ended 30 April 2021 (audited) £'000
Interest on bank loans	**175**	191	377
Finance charge on lease liabilities	**207**	217	441
Finance charge on dilapidations provisions	**31**	31	65
	413	439	883

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 2021 (unaudited)	Six months ended 31 October 2020 (unaudited)	Year ended 30 April 2021 (audited)
	£'000	£'000	£'000
Earnings			
Profit for the period attributable to equity holders	**(331)**	(324)	153

	31 October 2021 (unaudited)	31 October 2020 (unaudited)	30 April 2021 (audited)
	number '000	number '000	number '000
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**154,423**	129,374	132,963
Effect of dilutive potential ordinary shares:			
Share options	**6,221**	4,438	4,421
Contingent shares	**—**	158	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**160,644**	133,970	137,384

	Six months ended 31 October 2021 (unaudited)	Six months ended 31 October 2020 (unaudited)	Year ended 30 April 2021 (audited)
	pence	pence	pence
Basic earnings per share	**(0.2)**	(0.3)	0.1
Diluted earnings per share	**(0.2)**	(0.2)	0.1

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 2021 (unaudited)	Six months ended 31 October 2020 (unaudited)	Year ended 30 April 2021 (audited)
	£'000	£'000	£'000
Earnings			
Profit for the period attributable to equity holders	**(331)**	(324)	153
Amortisation of intangible assets arising on acquisitions	**2,649**	1,479	3,058
Transaction costs	**2,686**	3,099	6,546
Tax effect of above items	**(503)**	(282)	(581)
Impact of change in tax rate on deferred tax liabilities	**1,817**	—	—
Adjusted earnings	**6,318**	3,972	9,176

	Six months ended 31 October 2021 (unaudited)	Six months ended 31 October 2020 (unaudited)	Year ended 30 April 2021 (audited)
	pence	pence	pence
Adjusted basic earnings per share	**4.1**	3.1	6.9
Adjusted diluted earnings per share	**3.9**	3.0	6.7

6. Dividends

The interim dividend of 1.1p (2020: 1.0p) per share (not recognised as a liability at 31 October 2021) will be payable on 6 May 2022 to ordinary shareholders on the register at 8 April 2022. The final dividend of 2.0p per share as proposed in the 30 April 2021 financial statements and approved at the group's AGM was paid on 4 November 2021 and was recognised as a liability at 31 October 2021.

7. Trade and other receivables

	31 October 2021 (unaudited) £'000	31 October 2020 (unaudited) £'000	30 April 2021 (audited) £'000
Non current			
Deemed remuneration	**4,331**	4,016	3,970
Current			
Trade receivables	**9,416**	6,457	8,069
Unbilled income	**32,879**	24,783	32,432
Other debtors and prepayments	**4,937**	3,051	2,573
Deemed remuneration	**2,717**	3,451	2,351
	49,949	37,742	45,425

8. Trade and other payables

	31 October 2021 (unaudited) £'000	31 October 2020 (unaudited) £'000	30 April 2021 (audited) £'000
Current			
Trade payables	**1,967**	931	1,387
Accruals	**6,997**	5,766	6,899
Final dividend	**3,044**	2,430	—
Other taxes and social security	**4,234**	5,981	4,385
Deferred income	**6,027**	4,250	5,520
Other creditors	**14,030**	9,098	14,337
Deferred consideration	**325**	125	375
Deemed remuneration liabilities	**1,469**	677	370
	38,093	29,258	33,273

We have reclassified £1,827,000 at 31 October 2020 and £4,511,000 at 30 April 2021 from accruals to other creditors which are liabilities in respect of members of the group's LLPs.

9. Reconciliation to the cash flow statement

	31 October 2021 (unaudited) £'000	31 October 2020 (unaudited) £'000	30 April 2021 (audited) £'000
(Loss) profit for the period	**(331)**	(324)	153
Adjustments for:			
Tax	**3,024**	775	1,754
Finance costs	**413**	439	883
Amortisation of intangible assets	**2,737**	1,540	3,180
Depreciation of property, plant and equipment	**532**	366	841
Depreciation of right of use assets	**1,346**	1,079	2,617
Impairment of right of use asset	—	—	579
Reversal of impairment of right of use asset	—	—	(228)
Gain on acquisition	**(2,115)**	(1)	(231)
Share-based payment expense	**717**	287	1,031
Deemed remuneration obligations settled through equity	**1,000**	—	150
(Decrease) increase in deemed remuneration receivable	**(727)**	1,613	2,759
Increase in deemed remuneration liabilities	**1,100**	543	236
Operating cash flows before movements in working capital	**7,696**	6,317	13,724
Increase in receivables	**(3,906)**	(1,944)	(2,683)
Increase in payables	**274**	3,880	5,400
Increase (decrease) in provisions	**20**	(145)	(279)
Cash generated by operations	**4,084**	8,108	16,162