Begbies Traynor Group

9 July 2024

Begbies Traynor Group plc

Final results
for the year ended 30 April 2024

Strong financial performance – a decade of profitable growth

Begbies Traynor Group plc (the 'company' or the 'group'), the professional services consultancy, today announces its final results for the year ended 30 April 2024.

Financial highlights

	2024 £m	**2023 £m**
Revenue	136.7	121.8
Adjusted EBITDA[1]	28.5	26.6
Adjusted profit before tax[2]	22.0	20.7
Profit before tax	5.8	6.0
Adjusted diluted EPS[2] (p)	9.9	10.1
Diluted EPS (p)	0.9	1.8
Proposed total dividend (p)	4.0	3.8
Net (debt) cash[3]	(1.4)	3.0

1 *Adjusted EBITDA is operating profit before share based payments, depreciation, amortisation and non-underlying items arising due to acquisitions under IFRS.*
2 *Adjusted PBT is before non-underlying items arising due to acquisitions under IFRS. Adjusted EPS excludes these items and the related tax effect. The board believe that these adjusted performance measures provide more meaningful information on the operating performance of the business.*
3 *Net debt (cash) includes cash and cash equivalents and borrowings but excludes IFRS 16 lease liabilities.*

Operational highlights – growth across both divisions

- Overall revenue growth of 12% (6% organic)
  - Business recovery and advisory 7% growth (6% organic) – led by business recovery up 13%
  - Property advisory 26% growth (7% organic) – a record year for the division
- Completed four earnings accretive acquisitions in the financial year, which contributed £5m to reported revenue
- Net debt lower than originally anticipated, having absorbed acquisition consideration and funding of EBT share purchases totalling £11.1m
- Renewed and enlarged debt facility provides flexibility to continue to grow scale and range of services
- Seventh consecutive year of dividend growth with a proposed 5% increase in total dividend

Current trading and outlook – confident of a further year of growth, in line with market expectations

- Encouraging activity levels in all service lines with positive momentum:
  - Business recovery activity is expected to be maintained at elevated levels going into 2025
  - Advisory and corporate finance expected to improve performance, with anticipated recovery in M&A activity and continuing positive activity levels within debt advisory and funding
  - Property advisory has good momentum and prospects for further acquisitive and organic development
- We will provide a further update on trading at the annual general meeting in September 2024

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

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

"We have started the new year confident of a further year of growth, in line with market expectations. Activity levels across our service lines are encouraging with positive momentum across the group.

"Overall, our broad range of services, diversified client base, organic growth initiatives and pipeline of acquisition opportunities, leaves us confident of continuing our track record of growth."

A meeting for analysts will be held today at 9.45am for 10.00am at the offices of Canaccord Genuity, 88 Wood Street, London, EC2V 7QR, which will also be available as a webcast. Please contact begbies@mhpgroup.com or on 07595 461 231 if you would like to receive details.

Enquiries please contact:

Begbies Traynor Group plc Ric Traynor - Executive Chairman Nick Taylor - Group Finance Director	0161 837 1700
Canaccord Genuity Limited (Nominated Adviser and Joint Broker) Emma Gabriel / Harry Pardoe	020 7523 8350
Shore Capital (Joint Broker) Malachy McEntyre / Mark Percy / Anita Ghanekar / James Thomas	020 7408 4090
MHP Group Reg Hoare / Katie Hunt / Charles Hirst	07595 461 231 begbies@mhpgroup.com

Notes to editors

Begbies Traynor Group plc is a leading UK advisory firm with expertise in business recovery, advisory and corporate finance, valuations, asset sales and property consultancy.

We have over 900 fee earners operating from 45 locations across the UK, together with four offshore offices. Our multidisciplinary professional teams include insolvency practitioners, accountants, lawyers, funding professionals and chartered surveyors.

- **Business recovery**
  - Corporate and personal insolvency; business restructuring and turnaround; contentious insolvency; creditor services
- **Advisory and corporate finance**
  - Debt advisory and finance broking; corporate finance; special situations M&A; financial advisory
- **Valuations**
  - Property, business and asset valuations
- **Asset sales**
  - Property, plant and machinery auctions; property and business sales agency
- **Property consultancy**
  - Building consultancy; transport planning; commercial property management; insurance and protection

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

CHAIRMAN'S STATEMENT

INTRODUCTION

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

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

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

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

Across the group, we made good progress in the year as we continue to invest in our teams to support ongoing growth including investment in our talent development and wellbeing support, our IT and programme management capability and adopting third party software applications to automate and improve processes.

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

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

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

RESULTS

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

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

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

1 *Adjusted EBITDA is operating profit before share based payments, depreciation, amortisation and non-underlying items arising due to acquisitions under IFRS.*
2 *Adjusted PBT is before non-underlying items arising due to acquisitions under IFRS. Adjusted EPS excludes these items and the related tax effect. The board believe that these adjusted performance measures provide more meaningful information on the operating performance of the business.*
3 *Net debt (cash) includes cash and cash equivalents and borrowings but excludes IFRS 16 lease liabilities.*

DIVIDEND

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

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

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

STRATEGY

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

Organic growth will be targeted through:

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

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

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

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

PEOPLE

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

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

SUSTAINABILITY

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

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

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

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

Further information on our sustainability policies and progress is detailed in the group's annual report and accounts.

OUTLOOK

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

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

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

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

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

Ric Traynor
Executive chairman
9 July 2024

BUSINESS REVIEW

OPERATING REVIEW

BUSINESS RECOVERY AND ADVISORY

Financial summary

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

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

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

** See note 2*

Insolvency market

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

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

** Source: The Insolvency Service monthly statistics on the number of corporate insolvencies in England and Wales on a seasonally adjusted basis for 12 months to 30 April*
*** Source: Allianz Trade economic research 11 March 2024*

Operating review

Business recovery

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

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

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

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

Advisory

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

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

People

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

PROPERTY ADVISORY

Financial summary

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

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

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

** See note 2*

Property market

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

Operating review

Asset sales

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

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

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

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

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

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

Property consultancy

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

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

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

Valuations

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

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

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

People

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

FINANCE REVIEW

Financial summary

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

Operating performance

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

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

Operating performance by segment is detailed below:

	Revenue (£m)			Operating profit (£m)		
	2024	2023	*growth*	**2024**	2023	*growth*
Business recovery and financial advisory	**96.4**	89.7	*7%*	**25.5**	24.3	*5%*
Property advisory	**40.3**	32.1	*26%*	**7.6**	5.5	*38%*
Shared and central costs	**-**	-	-	**(9.2)**	(8.0)	*11%*
Total	**136.7**	121.8	*12%*	**23.9**	21.8	*10%*

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

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

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

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

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

Non-underlying items

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

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

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

Tax

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

	2024				2023			
	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	**22.0**	**(5.7)**	**16.3**	***26%***	20.7	(4.3)	16.4	*21%*
Non-underlying items:								
Amortisation	**(5.6)**	**1.4**	**(4.2)**	***25%***	(6.3)	1.2	(5.1)	*20%*
Other non-underlying items	**(10.6)**	**—**	**(10.6)**	**—**	(8.4)	—	(8.4)	—
Statutory	**5.8**	**(4.3)**	**1.5**	***74%***	6.0	(3.1)	2.9	*52%*

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

The statutory tax rate reflects the tax treatment of non-underlying items as follows:
- Amortisation of acquired intangibles attracts a deferred tax credit at 25% (2023: 20%);
- Other non-underlying items (acquisition consideration, negative goodwill and transaction costs) are non-deductible as they are capital in nature.

Earnings per share

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

** See reconciliation in note 5*

Growth in our team

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

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

	2024				2023			
	Business recovery and financial advisory	**Property advisory**	**Shared and support teams**	**Total**	Business recovery and financial advisory	Property advisory	Shared and support teams	Total
Fee earners	**591**	**328**	**—**	**919**	550	279	—	829
Support teams	**63**	**25**	**67**	**155**	70	18	61	149
Total	**654**	**353**	**67**	**1,074**	620	297	61	978

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

Acquisitions

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

- Banks Long & Co on 3 May 2023 for initial consideration of £1.5m (£1.125m cash and issue of 292,170 shares – cash free, debt free); potential earn out of £1.5m subject to growing the profitability of the business over the five year period post completion. Total cash flows arising on acquisition were £1.2m (£1.1m initial consideration, £1.2m paid in respect of the cash free debt free adjustment, less £1.1m cash acquired).

- Andrew Forbes on 7 November 2023 for initial cash consideration of £0.5m (cash free, debt free); potential earn out of £0.5m, subject to maintaining profits in the three year period post completion. Total cash flows arising on acquisition were £0.3m (£0.5m initial consideration less £0.2m cash acquired).

- SDL Auctions on 11 December 2023 for initial cash consideration of £2.5m (cash free, debt free); potential earn out of £0.75m payable in cash, subject to maintaining revenue in the 12 month period post completion. Total cash flows arising on acquisition were £2.0m (£2.5m initial consideration, less £0.3m cash acquired, less £0.2m repaid to the group in respect of the cash free debt free adjustment).

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

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

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

Liquidity

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

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

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

Cash flow

Cash flow in the year is summarised as follows:

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

** including deemed remuneration under IFRS 3*

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

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

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

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

Net assets

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

Going concern

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

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

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

Ric Traynor
Executive chairman
9 July 2024

Nick Taylor
Group finance director
9 July 2024

Consolidated statement of comprehensive income

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

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

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
At 30 April 2022	7,671	29,787	27,172	304	—	19,591	84,525
Profit for the year	—	—	—	—	—	2,911	2,911
Dividends	—	—	—	—	—	(5,387)	(5,387)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	1,277	1,277
Shares issued as consideration for acquisitions	28	—	772	—	—	—	800
Other share options	28	186	—	—	—	—	214
At 30 April 2023	7,727	29,973	27,944	304	—	18,392	84,340
Profit for the year	—	—	—	—	—	1,452	1,452
Dividends	—	—	—	—	—	(5,944)	(5,944)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	343	343
Shares issued as consideration for acquisitions	15	—	360	—	—	—	375
Own shares acquired	—	—	—	—	(2,901)	—	(2,901)
Other share options	213	543	—	—	—	—	756
At 30 April 2024	**7,955**	**30,516**	**28,304**	**304**	**(2,901)**	**14,243**	**78,421**

Consolidated balance sheet

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

Consolidated cash flow statement

	Notes	**2024 £'000**	2023 £'000
Cash flows from operating activities			
Cash generated by operations	9	**24,466**	23,817
Income taxes paid		**(6,715)**	(5,328)
Interest paid on borrowings		**(1,274)**	(668)
Interest paid on lease liabilities		**(751)**	(408)
Net cash from operating activities (before acquisition payments)		**15,726**	17,413
Transaction costs		**(321)**	(434)
Acquisition consideration payments (which are deemed remuneration under IFRS 3)		**(6,250)**	(10,599)
Net cash from operating activities		**9,155**	6,814
Investing activities			
Purchase of intangible fixed assets		**(21)**	(56)
Purchase of property, plant and equipment		**(1,432)**	(931)
Proceeds on disposal of property, plant and equipment		**—**	20
Acquisition consideration payments		**(3,561)**	(700)
Net cash acquired in acquisition of businesses		**1,593**	1,158
Net cash used in investing activities		**(3,421)**	(509)
Financing activities			
Dividends paid	6	**(5,944)**	(5,387)
Proceeds on issue of shares		**533**	213
Purchase of own shares		**(2,901)**	—
Capital element of lease payments		**(1,865)**	(2,381)
Drawdown of loans		**2,000**	—
Net cash used in financing activities		**(8,177)**	(7,555)
Net decrease in cash and cash equivalents		**(2,443)**	(1,684)
Cash and cash equivalents at beginning of year		**8,001**	9,685
Cash and cash equivalents at end of year		**5,558**	8,001

1. Basis of preparation and accounting policies

The results for the year ended 30 April 2024 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 2023.

The group's financial statements for the year ended 30 April 2024 have been prepared in accordance with International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRSs') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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 2023 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 2024 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 2024 annual report will be available on the group's website: www.ir.begbies-traynorgroup.com.

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. 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 believe 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.

All of the items excluded from adjusted results are those which arise due to acquisitions under IFRS. They are not influenced by the day-to-day operations of the group.

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

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 board). The group is managed as two operating segments: business recovery and advisory and property advisory.

	Business recovery and advisory 2024 £'000	**Property advisory 2024 £'000**	**Shared and central costs 2024 £'000**	**Consolidated 2024 £'000**
Revenue				
Total revenue from rendering of professional services	**96,384**	**40,361**	**—**	**136,745**
Inter-segment revenue	**—**	**(17)**	**—**	**(17)**
Revenue from external customers	**96,384**	**40,344**	**—**	**136,728**
Operating profit before non-underlying items	**25,510**	**7,633**	**(9,228)**	**23,915**

	Business recovery and advisory 2023 £'000	Property advisory 2023 £'000	Shared and central costs 2023 £'000	Consolidated 2023 £'000
Revenue				
Total revenue from rendering of professional services	89,696	32,187	—	121,883
Inter-segment revenue	—	(58)	—	(58)
Revenue from external customers	89,696	32,129	—	121,825
Operating profit before non-underlying items	24,272	5,527	(7,978)	21,821

3. Non-underlying items

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

4. Finance costs

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

5. Earnings per share

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

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

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

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

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

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

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

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

6. Dividends

	2024 £'000	2023 £'000
Amounts recognised as distributions to equity holders in the year		
Interim dividend for the year ended 30 April 2023 of 1.2p (2022: 1.1p) per share	**1,854**	1,687
Final dividend for the year ended 30 April 2023 of 2.6p (2022: 2.4p) per share	**4,090**	3,700
	5,944	5,387
Amounts proposed as distributions to equity holders		
Interim dividend for the year ended 30 April 2024 of 1.3p (2023: 1.2p) per share	**1,909**	1,854
Final dividend for the year ended 30 April 2024 of 2.7p (2023: 2.6p) per share	**4,136**	4,090
	6,045	5,944

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

7. Trade and other receivables

	2024 £'000	2023 £'000
Non-current		
Prepaid deemed remuneration	**2,825**	5,200
Current		
Trade receivables	**12,929**	11,652
Unbilled income	**45,348**	37,489
Other debtors and prepayments	**2,819**	2,987
Prepaid deemed remuneration	**2,240**	3,422
	63,336	55,550

8. Trade and other payables

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

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

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

9. Reconciliation to the cash flow statement

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