Begbies Traynor Group

12 July 2016

Begbies Traynor Group plc

Final results
for the year ended 30 April 2016

Begbies Traynor Group plc (the 'company' or the 'group'), the business recovery and property services consultancy, today announces its final results for the year ended 30 April 2016.

Financial highlights*

	2016 £m	2015 £m
Revenue	50.1	45.4
Adjusted profit before tax**	4.5	3.6
Profit (loss) before tax	0.6	(0.7)
Adjusted basic EPS*** (p)	3.2	2.9
Basic EPS (p)	0.3	(0.6)
Proposed total dividend (p)	2.2	2.2
Net debt	10.4	12.8

**All figures stated from continuing operations*

*** Profit before tax from continuing operations of £0.6m (2015: loss £0.7m) plus amortisation of intangible assets arising on acquisitions of £2.8m (2015: £1.4m) plus acquisition-related costs of £1.1m (2015: credit of £0.2m) and exceptional costs of £nil (2015: £3.1m)*

**** See reconciliation in note 7*

Operational overview

Insolvency and restructuring:
- Lower level of market activity (national insolvency appointments down 9% in the year to March 2016) impacted on revenue and profit
- Operating margins broadly maintained through continued cost control
- Maintained our market leading position, handling the largest number of corporate appointments

Property services:
- First full year of ownership of Eddisons (acquired in December 2014)
- Synergy savings exceeded original pre-acquisition target
- Improved operating margins to 19.4% for the year from 15.3%****
- Successful integration and initial contribution from Taylors valuation practice (acquired in November 2015)
- Post year end, acquired Pugh & Co, the largest firm of commercial property auctioneers outside London

***** Pro-forma prior year margins including pre-acquisition period*

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

"Last year was one of solid progress for the group with results in line with market expectations and growth in both revenue and profits; this reflected the benefit of the investment in our property services division, which now represents 25% of the group's activities. The integration of Eddisons into the group has been completed and synergy savings have exceeded our original expectations.

"Although we remain cautious about activity levels in our counter-cyclical activities in both business recovery and property services in the near term, the recent acquisition of the Pugh auction business, together with the Taylors valuation business, gives the opportunity for growth in earnings in the new financial year.

"We will continue to look for further opportunities to develop and enhance the business, both organically and through selective acquisitions."

A meeting for analysts will be held today at 9.15am for 9.30am at the offices of MHP Communications, 6 Agar Street, London WC2N 4HN. Please contact Rossina Garcia Izaguirre on 020 3128 8475 or via R.GarciaIzaguirre@mhpc.com if you would like to attend.

Enquiries please contact:

Begbies Traynor Group plc 0161 837 1700
Ric Traynor - Executive Chairman
Nick Taylor - Group Finance Director

Canaccord Genuity Limited 020 7523 8350
(Nominated Adviser and Joint Broker)
Bruce Garrow / Nilesh Patel

Shore Capital 020 7408 4090
(Joint Broker)
Mark Percy / Anita Ghanekar

MHP Communications 020 3128 8100
Reg Hoare / Katie Hunt / Giles Robinson

Information on Begbies Traynor Group can be accessed via the Group's website at www.begbies-traynorgroup.com

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report a year of solid progress for the group with results in line with market expectations.

We have delivered growth in both revenue and profits, reflecting the benefit of the investment in our property services division in December 2014, which now represents 25% of the group's activities. The integration of Eddisons into the group has been completed and synergy savings have exceeded our original expectations.

We have made further investments to develop this service line. In November 2015, we acquired a boutique property valuation practice and subsequent to the year end we acquired a specialist property auction business. These two acquisitions enhance our expertise and service offerings and position the division well for future growth opportunities.

In contrast, the insolvency market has continued to be challenging over the last twelve months, with a further reduction in the number of UK insolvencies, compounding the falls seen in previous years. The number of UK insolvencies is at the lowest level since 2004. These conditions have led to lower revenue and profit in our insolvency division; however, we have broadly maintained our operating margins through continued cost control.

We remain the leading UK corporate appointment taker by volume and remain well-positioned to take advantage of the cyclicality of this market. We enhanced our position in the year through the acquisition of the trade and certain assets of The P&A Partnership Ltd, a Sheffield insolvency practice.

The group has improved its financial position, with a further reduction in net debt to £10.4m (2015: £12.8m), after making acquisition and deferred consideration payments in the year of £1.6m. The headroom in the group's banking facilities provides the ability to make further investments to develop our two service lines.

Having considered the financial performance in the year, the outlook for the new financial year and the opportunity for future investments, the board recommend that the dividend for the year is maintained at 2.2p.

RESULTS

Group revenue from continuing operations in the year ended 30 April 2016 increased by 10% to £50.1m (2015: £45.4m). Adjusted profit before tax* increased by 25% to £4.5m (2015: £3.6m). Acquisition-related costs were £1.1m (2015: credit £0.2m). Exceptional costs were £nil (2015: £3.1m). Profit before tax was £0.6m (2015: loss before tax £0.7m). Statutory profit for the year was £0.3m (2015: loss of £1.6m including loss from discontinued operations).

Earnings per share from continuing operations**, adjusted for the net of tax impact of amortisation of intangible assets arising on acquisitions, acquisition-related and exceptional costs were 3.2p (2015: 2.9p). Basic and fully diluted earnings per share from continuing operations were 0.3p (2015: loss per share 0.6p).

Net debt reduced by £2.4m to £10.4m at 30 April 2016 (2015: £12.8m), after making acquisition and deferred consideration payments in the year of £1.6m. Gearing reduced to 17% (2015: 21%) and the group retains significant headroom in its committed banking facilities. Interest cover*** was 5.4 times (2015: 4.4 times).

** Profit before tax from continuing operations of £0.6m (2015: loss £0.7m) plus amortisation of intangible assets arising on acquisitions of £2.8m (2015: £1.4m) plus acquisition-related costs of £1.1m (2015: credit of £0.2m) and exceptional costs of £nil (2015: £3.1m)*

*** See reconciliation in note 7*

**** Before acquisition-related and exceptional costs and amortisation of intangible assets arising on acquisitions*

DIVIDEND

The board remains committed to a long-term progressive dividend policy, which reflects the potential for earnings growth. Having considered the results for the year, the level of retained earnings and the group's financial position, together with the outlook for the new financial year and the investment requirements of the business, the board has recommended (subject to shareholder approval at the company's annual general meeting) the total dividend be maintained at 2.2p (2015: 2.2p). This comprises the interim dividend already paid of 0.6p (2015: 0.6p) and a final dividend of 1.6p (2015: 1.6p).

The final dividend will be paid on 4 November 2016 to shareholders on the register on 7 October 2016, with an ex-dividend date of 6 October 2016.

PEOPLE

We are reliant on the expertise, professionalism and commitment of our people and I thank our existing and new colleagues for their contribution to the group.

OUTLOOK

The financial performance of the group's counter-cyclical activities in both business recovery and property services, which generate the majority of the group's revenue, are directly related to the national insolvency market. The market as a whole remains difficult to predict and, although activity levels have stabilised over the last year, market volumes are at the lowest level since 2004. We therefore remain cautious about activity levels in the near term. However, the acquisition of the Pugh & Co auction business subsequent to the year-end, together with the Taylors valuation business, gives the opportunity for growth in earnings in the new financial year.

We will continue to look for further opportunities to develop and enhance the business, both organically and through selective acquisitions.

An update on current trading will be provided at the time of the company's annual general meeting in September 2016.

Ric Traynor
Executive chairman
12 July 2016

STRATEGIC REPORT

Begbies Traynor Group is a business recovery and property services consultancy, providing services nationally from a comprehensive network of UK locations, through two operating divisions: Begbies Traynor and Eddisons. We are accredited by all major banks for business recovery services and property valuation advice, and we provide a highly experienced, partner-led service to clients.

Begbies Traynor is the UK's leading independent business recovery practice, handling the largest number of corporate appointments, principally serving the mid-market and smaller companies. We provide insolvency, restructuring and consultancy services to businesses, their professional advisors and financial institutions.

Eddisons is a national firm of chartered surveyors, offering transactional and advisory services to owners and occupiers of commercial property, investors and financial institutions. The services offered include valuation and sale of property, machinery and other business assets (including fixed charge property receiverships); insolvency insurance brokerage; property management; and building consultancy services.

MARKET

The number of corporate insolvencies (source: The Insolvency Service) for the year to 31 March 2016 (the period which most closely matches the Group's financial year) totalled 14,370 (2015: 15,750), representing a 9% year on year reduction.

This is the lowest level of corporate insolvencies since 2004, albeit these numbers appear to have stabilised at this level over the last 12 months. The number of appointments in the first calendar quarter of 2016 was 3,739, which is an 8% increase on the final quarter of 2015 but a 7% reduction on the comparable period in 2015.

STRATEGY

Our strategy is to develop the group's two operating divisions, both organically and through acquisitions, whilst maintaining the group's focus on counter-cyclical services. Our objectives are to:

- invest in our property services division, to increase both the scope of its service offering and geographical coverage, to achieve greater market penetration; and
- enhance our market-leading business recovery practice, ensuring this division is well placed to benefit from opportunities in its marketplace.

DEVELOPMENTS IN THE YEAR

Following the acquisition of Eddisons in December 2014 we have continued to develop our property services division through two acquisitions, which have enhanced our service offering and geographical coverage.

On 30 November 2015, we acquired the Taylors valuation practice. Taylors was established in 1992 and specialises in providing commercial business and property valuations for secured lending purposes on a nationwide basis, on behalf of a wide range of financial institutions, including all of the major high street banks. The 20 strong team, including management, has been integrated with our existing valuations team, adding further depth to our valuations capability and strengthening our combined offering to lenders. The business has performed in line with expectations subsequent to the acquisition.

On 2 June 2016, subsequent to the year end, we acquired Pugh & Co, the largest firm of commercial property auctioneers operating outside of London. Pugh hold regular auctions in Leeds and Manchester, which complement our Eddisons auction business, which also operates across the north of England. The 25 strong Pugh & Co team, including management, is being integrated with the Eddisons team, as a result of which it will become the third largest firm of commercial property auctioneers nationally (based on the total value raised from commercial property auctions in 2015. Source: Estates Gazette January 2016).

We have also invested in the insolvency division and on 30 September 2015, we acquired the trade and certain assets of the Sheffield based P&A insolvency practice out of administration. The integration and restructuring of the practice is ongoing. Following this transaction Begbies Traynor is now the largest appointment taker in Yorkshire.

OPERATING REVIEW

Insolvency and restructuring

Begbies Traynor is the UK's leading independent business recovery practice, handling the largest number of corporate appointments, providing a partner-led service to stakeholders in troubled businesses.

Segmental profits* in the year decreased to £7.5m (2015: £8.5m), as a result of a reduction in revenue to £37.7m (2015: £40.9m).

The insolvency market remains very challenging, with a further reduction in UK corporate insolvency appointments over the last year, compounding the impact of reductions over recent years. However, we have maintained our market leading position as the largest corporate appointment taker by volume.

The lower level of market activity impacted revenue levels in the period, which we have partially mitigated through continued cost control. Operating margins were broadly maintained at 19.8% (2015: 20.8%) with operating costs in the period reduced to £30.2m (2015: £32.3m); this included an additional £1.5m of costs in relation to acquired businesses offset by cost savings of £3.6m.

The number of people employed in the division has reduced to 355 as at 30 April 2016 from 370 at the start of the financial year; reflecting a combination of 36 new joiners as a result of the P&A acquisition, offset by a reduction of 51 due to the continued alignment of the cost base with current market conditions.

We remain the market leader in UK mid-market insolvency and we believe that the combination of our full national coverage, strong relationships with all major UK banks and excellent referral networks from other professional services organisations leaves the business well-placed to take full advantage of this cyclical market.

We will continue to develop this division through a combination of senior recruitment, selective acquisitions and staff development, with the intention of progressively increasing our market share. Further development over the medium term may come from winning higher value, more complex instructions from existing clients and prospects, by demonstrating our capabilities and credentials.

** See note 2*

Property services

Eddisons is a national firm of chartered surveyors, providing its services to banks, insolvency practitioners, and owners and occupiers of commercial property.

The business was acquired on 17 December 2014 and therefore the year ended 30 April 2016 represents its first full year contribution to the group's results. Revenue was £12.4m with segmental profits* up 26% to £2.4m, compared to the pro-forma prior year results (adjusted to include the pre-acquisition Eddisons results) of £12.4m and £1.9m respectively. Operating margins increased to 19.4% from 15.3% (on a pro-forma basis).

As noted above, the Taylors valuation practice was acquired on 30 November 2015 and has been integrated with the existing Eddisons valuations team. The acquired business generated revenue of £0.7m and profit of £0.1m in the period following the acquisition.

During the year we exited a number of non-profitable and low margin engagements, which contributed to the overall improvement in operating margins, whilst reducing revenue by £0.4m. In addition, revenue generated from insolvency appointments (principally fixed charge property receiverships) reduced in the year by £0.8m, reflecting the overall marketplace. The profit impact of these organic reductions has been offset by additional income from one-off consultancy projects of £0.5m, together with cost reductions of £1.1m (including post-acquisition synergy savings). We have delivered £1.0m of annualised synergy savings since the Eddisons acquisition, exceeding the initial target of £0.5m originally identified.

The Eddisons team are now being appointed on the majority of the group's insolvency cases where agents are required (as anticipated prior to completing the acquisition), which has offset the reduced appointments from the overall marketplace.

The number of people employed in the division has reduced to 150 as at 30 April 2016 from 178 at the start of the financial year, as a result of 20 new joiners from the Taylors acquisition, offset by 19 reduced staff from contract exits and other reductions of 29.

We will develop this division through a combination of senior recruitment and selective acquisitions with the intention of developing its service offering and geographical coverage, as demonstrated by the acquisition of Pugh & Co since the year end.

** See note 2*

Partners and employees

As at 30 April 2016, the group employed a total of 547 partners and staff (2015: 591), a decrease of 7% compared with a year ago; this comprises 391 fee earners and 156 support staff.

We continue to invest in training and developing our people and we are pleased to have promoted three fee earners to partner.

FINANCE REVIEW

Financial summary

	2016 £m	2015 £m
Revenue from continuing operations	**50.1**	45.4
EBITA (pre-exceptional items)	**5.5**	4.7
Finance costs	**(1.0)**	(1.1)
Adjusted profit before tax	**4.5**	3.6
Acquisition-related (costs) credit	**(1.1)**	0.2
Exceptional costs	**-**	(3.1)
Amortisation of intangible assets arising on acquisitions	**(2.8)**	(1.4)
Profit (loss) before tax	**0.6**	(0.7)
Tax	**(0.3)**	0.1
Profit (loss) for the year from continuing operations	**0.3**	(0.6)

Revenue

Revenue in the year increased to £50.1m (2015: £45.4m). Revenue from the property consultancy division increased by £7.9m, reflecting the full year benefit of the Eddisons acquisition in December 2014 and part year contribution from the Taylors acquisition in November 2015. This was partially offset by reduced revenue in the insolvency division of £3.2m.

Revenue generated from businesses acquired in the financial year was £2.3m.

EBITA (pre-exceptional items)

Operating costs increased to £44.6m (2015: £40.7m). Costs increased due to the full year impact of Eddisons and businesses acquired in the year of £9.3m, partially offset by cost reductions of £5.4m.

EBITA (pre-exceptional items) increased to £5.5m (2015: £4.7m) with margins of 10.9% (2015: 10.3%).

Finance costs

Finance costs were £1.0m (2015: £1.1m), with the decrease due to lower levels of net debt over the year.

Acquisition-related costs

Acquisition-related costs in the year of £1.1m (2015: credit of £0.2m) comprise:

- acquisition costs £0.3m (2015: £0.5m);
- deemed remuneration charges of £1.1m (2015: £0.4m). (Consideration payments which require post-acquisition service obligations to be performed by the selling shareholders. These amounts are charged to the consolidated statement of comprehensive income over the period of the obligation); offset by
- gain on acquisition of £0.3m (2015: £1.1m).

Exceptional costs

The prior year included exceptional costs of £3.1m comprising restructuring costs of £2.6m and business integration costs following the Eddisons acquisition of £0.5m.

Amortisation of intangible assets arising on acquisitions

Amortisation costs increased to £2.8m (2015: £1.4m), due to the amortisation of intangible assets arising on acquisitions.

Tax

The tax charge for the year (prior to the credit resulting from acquisition-related and exceptional costs) was £1.1m (2015: £0.9m) representing an effective tax rate of 25% (2015: 24%). The tax credit resulting from acquisition-related and exceptional costs was £0.8m (2015: £1.0m), which includes a tax credit of £0.5m resulting from a reduction in deferred tax liabilities due to the enacted reduction in the corporation tax rate to 18% by 2021.

The overall tax charge for the year was £0.3m (2015: credit of £0.1m).

Earnings per share ('EPS')

EPS*, adjusted for the net of tax impact of amortisation of intangible assets arising on acquisitions, acquisition-related and exceptional costs, were 3.2p (2015: 2.9p).

Basic and diluted earnings per share of 0.3p (2015: loss per share 0.6p).

** See reconciliation in note 7*

Acquisitions

The group completed two acquisitions during the financial year as follows:

Taylors Business Surveyors and Valuers

On 30 November 2015 the group acquired the entire issued share capital of TBS&V Limited, which trades as Taylors Business Surveyors and Valuers ("Taylors"), for an initial consideration of £1.1m, satisfied in cash of £0.5m and through the issue of 1,389,661 new ordinary shares.

Under the terms of the acquisition, additional contingent consideration of up to £0.75m will become payable subject to the financial performance of the Taylors business over the five years from completion, satisfied by issuing new ordinary shares at the prevailing market value.

The consideration payable for this acquisition requires post-acquisition service obligations to be performed by the selling shareholders. These amounts are treated as deemed remuneration and will be charged to the consolidated statement of comprehensive income over the period of the obligation.

As a result of this accounting guidance, the value of net assets acquired (£0.3m) exceeds the accounting value of the consideration (£nil) and consequently a gain of £0.3m has been recognised as an acquisition-related item in the year.

The P&A Partnership Limited

On 30 September 2015 the group acquired the trade and certain assets of The P&A Partnership Ltd ("P&A") out of administration for cash consideration of £0.7m, of which £0.4m was paid on completion with the balance of £0.3m payable 12 months after completion. Under the terms of the acquisition additional contingent consideration of up to £0.2m may be payable over the 12 months following completion.

Acquisition costs of £0.3m have been charged to the statement of comprehensive income in respect of these two acquisitions.

Cash flows

Cash generated by operations (before interest and tax payments) in the year was £7.9m (2015: £6.0m). Tax payments in the year were £0.1m (2015: £1.3m). Interest payments were £1.0m (2015: £1.0m).

Cash outflows from investing activities were £2.1m (2015: £5.2m). Capital expenditure was £0.5m (2015: £1.3m). Deferred payments relating to prior year acquisitions were £0.6m (2015: £0.2m). Acquisition payments were £0.9m (2015: £3.7m).

Financing cash outflows were £6.3m (2015: inflow of £3.1m). During the year we reduced the level of drawn debt under our banking facilities by £4.0m. Dividend payments were £2.3m (2015: £2.0m). The share placing in the prior year in connection with the Eddisons acquisition raised £5.0m net of costs, with proceeds from other share issues of £0.1m.

Financing

Net borrowings reduced by £2.4m to £10.4m at 30 April 2016 (2015: £12.8m), with a reduction in gearing to 17% (2015: 21%) and significant headroom within the committed banking facilities of £30m. During the year, all bank covenants were comfortably met and the group remains in a strong financial position. Interest cover* was 5.4 times (2015: 4.4 times).

The group's unsecured, committed banking facilities of £30m have maturity dates from 31 July 2017 to 30 April 2021. Our intention is to renew these facilities as appropriate in the coming year.

** Before acquisition-related and exceptional costs and amortisation of intangible assets arising on acquisitions*

Net assets

At 30 April 2016 net assets were £59.7m (2015: £61.0m).

Non-current assets were £60.4m (2015: £60.3m), with intangible assets recognised on acquisitions and capital expenditure in the year broadly offset by depreciation and amortisation charges.

Trade and other receivables were £35.2m (2015: £34.9m).

Net borrowings reduced to £10.4m (2015: £12.8m).

Trade and other payables increased to £16.4m (2015: £12.8m). The balance includes trade creditors of £1.6m (2015: £2.0m), accruals of £5.9m (2015: £4.4m), tax and social security creditors of £2.2m (2015: £2.1m), deferred income of £1.3m (2015: £0.8m), other creditors of £2.7m (2015: £1.4m), and deferred consideration liabilities of £2.7m (2015: £2.1m) of which £1.2m (2015: £0.7m) is payable within one year.

Current tax liabilities were £1.3m (2015: tax receivable of £0.1m). Deferred tax liabilities were £6.1m (2015: £6.4m).

Provisions for property costs, restructuring costs and post-disposal obligations total £1.7m (2015: £2.3m) of which £0.7m is payable within one year.

Going concern

The directors have reviewed the financial resources available to the group and have concluded that the group will be able to operate within the level of its borrowing facilities and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. This conclusion is based, amongst other matters, on the group's existing borrowing facilities and a review of financial forecasts for a period exceeding 12 months from the date of this announcement. Accordingly, the financial information in this announcement is prepared on the going concern basis.

Ric Traynor
Executive chairman
12 July 2016

Nick Taylor
Group finance director
12 July 2016

Consolidated statement of comprehensive income

	2016 £'000	2015 £'000
Continuing operations		
Revenue	**50,135**	45,360
Direct costs	**(28,058)**	(25,044)
Gross profit	**22,077**	20,316
Other operating income	**249**	173
Administrative expenses	**(16,838)**	(15,826)
Earnings before interest, tax and amortisation prior to acquisition-related and exceptional costs	**5,488**	4,663
Acquisition-related (costs) credit	**(1,080)**	183
Exceptional costs	**—**	(3,101)
Earnings before interest, tax and amortisation	**4,408**	1,745
Amortisation of intangible assets arising on acquisitions	**(2,827)**	(1,413)
Finance costs	**(1,023)**	(1,055)
Profit (loss) before tax	**558**	(723)
Tax	**(264)**	122
Profit (loss) for the year from continuing operations	**294**	(601)
Discontinued operations		
Loss from the year from discontinued operations	**—**	(979)
Profit (loss) for the year	**294**	(1,580)
Other comprehensive income		
Exchange differences on translation of foreign operations	**3**	(5)
Total comprehensive income (loss) for the year	**297**	(1,585)
Earnings (loss) per share		
From continuing operations		
Basic and diluted	**0.3 pence**	(0.6) pence
From continuing and discontinued operations		
Basic and diluted	**0.3 pence**	(1.6) pence

The profit and comprehensive income for both years is attributable to equity holders of the parent.

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2014	4,876	18,020	17,584	—	18,923	59,403
Loss for the year	—	—	—	—	(1,580)	(1,580)
Other comprehensive income:						
Exchange differences on translation of foreign operations	—	—	—	(5)	—	(5)
Total comprehensive loss for the year	—	—	—	(5)	(1,580)	(1,585)
Dividends	—	—	—	—	(2,012)	(2,012)
Credit to equity for equity-settled share-based payments	—	—	—	—	61	61
Shares issued	660	4,453	—	—	—	5,113
At 30 April 2015	**5,536**	**22,473**	**17,584**	**(5)**	**15,392**	**60,980**
Profit for the year	—	—	—	—	294	294
Other comprehensive income:						
Exchange differences on translation of foreign operations	—	—	—	3	—	3
Total comprehensive income for the year	—	—	—	3	294	297
Dividends	—	—	—	—	(2,302)	(2,302)
Credit to equity for equity-settled share-based payments	—	—	—	—	62	62
Shares issued	75	569	—	—	—	644
At 30 April 2016	**5,611**	**23,042**	**17,584**	**(2)**	**13,446**	**59,681**

The merger reserve arose on the formation of the group in 2004.

Consolidated balance sheet

	2016 £'000	2015 £'000
Non-current assets		
Intangible assets	**58,407**	57,765
Property, plant and equipment	**1,979**	2,512
	60,386	60,277
Current assets		
Trade and other receivables	**35,151**	34,861
Current tax receivable	**—**	53
Cash and cash equivalents	**7,634**	9,209
	42,785	44,123
Total assets	**103,171**	104,400
Current liabilities		
Trade and other payables	**(14,903)**	(11,369)
Current tax liabilities	**(1,263)**	—
Provisions	**(728)**	(1,625)
	(16,894)	(12,994)
Net current assets	**25,891**	31,129
Non-current liabilities		
Trade and other payables	**(1,501)**	(1,391)
Borrowings	**(18,000)**	(22,000)
Provisions	**(994)**	(666)
Deferred tax	**(6,101)**	(6,369)
	(26,596)	(30,426)
Total liabilities	**(43,490)**	(43,420)
Net assets	**59,681**	60,980
Equity		
Share capital	**5,611**	5,536
Share premium	**23,042**	22,473
Merger reserve	**17,584**	17,584
Translation reserve	**(2)**	(5)
Retained earnings	**13,446**	15,392
Equity attributable to owners of the company	**59,681**	60,980

Consolidated cash flow statement

	2016 **£'000**	2015 £'000
Cash flows from operating activities		
Cash generated by operations	**7,909**	6,011
Income taxes paid	**(139)**	(1,254)
Interest paid	**(996)**	(981)
Net cash from operating activities	**6,774**	3,776
Investing activities		
Purchase of property, plant and equipment	**(511)**	(1,230)
Purchase of intangible fixed assets	**(13)**	(58)
Proceeds on disposal of fixed assets	**10**	—
Deferred consideration payments in the year	**(639)**	(177)
Acquisition of businesses	**(937)**	(3,718)
Net cash from investing activities	**(2,090)**	(5,183)
Financing activities		
Dividends paid	**(2,302)**	(2,012)
Proceeds on issue of shares	**43**	5,113
Repayment of loans	**(4,000)**	(26)
Net cash from financing activities	**(6,259)**	3,075
Net (decrease) increase in cash and cash equivalents	**(1,575)**	1,668
Cash and cash equivalents at beginning of year	**9,209**	7,541
Cash and cash equivalents at end of year	**7,634**	9,209

1. Basis of preparation and accounting policies

The results for the year ended 30 April 2016 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 2015.

The group's financial statements for the year ended 30 April 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the EU. Whilst the financial information included in this announcement has been prepared in accordance with IFRS, this announcement itself does not contain sufficient information to comply with IFRS.

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

The comparative figures for the year ended 30 April 2015 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 2016 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 2016 annual report will be available on the group's website: www.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 current financial position and cash flow forecasts for a period exceeding 12 months from the date of this announcement. This review included sensitivity analysis 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.

After making enquiries, 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, this financial information is prepared on the going concern basis.

2. Segmental analysis by class of business

The continuing group is managed as two operating segments: insolvency and restructuring, and property.

	Insolvency and restructuring 2016 £'000	**Property 2016 £'000**	**Consolidated 2016 £'000**
Revenue			
Total revenue from rendering of professional services	**37,723**	**12,417**	**50,140**
Inter-segment revenue	**—**	**(5)**	**(5)**
External revenue	**37,723**	**12,412**	**50,135**
Segmental result	**7,478**	**2,410**	**9,888**
Shared and central costs			**(4,400)**
EBITA			**5,488**

	Insolvency and restructuring 2015 £'000	Property 2015 £'000	Consolidated 2015 £'000
Revenue			
Total revenue from rendering of professional services	40,859	4,556	45,415
Inter-segment revenue	—	(55)	(55)
External revenue	40,859	4,501	45,360
Segmental result	8,518	744	9,262
Shared and central costs			(4,599)
EBITA			4,663

3. Discontinued operations

The results of the discontinued global risk partners division were as follows:

	2016 £'000	2015 £'000
Revenue	—	524
Direct costs	—	(399)
Gross profit	—	125
Administrative expenses	—	(750)
Loss on disposal	—	(570)
Loss before tax	—	(1,195)
Tax	—	216
Loss for the period from discontinued operations	—	(979)

4. Finance costs

Continuing	2016 £'000	2015 £'000
Interest on bank overdrafts and loans	**981**	1,033
Unwinding of discount on deferred consideration liabilities	**42**	22
Total finance costs	**1,023**	1,055

5. Acquisition-related costs (credit)

Continuing	2016 £'000	2015 £'000
Deemed remuneration	**1,058**	430
Acquisition costs	**287**	522
Gain on acquisition	**(265)**	(1,135)
	1,080	(183)

6. Exceptional costs

Continuing	2016 £'000	2015 £'000
Restructuring costs	—	2,569
Integration costs	—	532
	—	3,101

7. Earnings per share

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

	2016 £'000	2015 £'000
Earnings		
Profit (loss) for the year from continuing operations attributable to equity holders	**294**	(601)
Loss from discontinued operations attributable to equity holders	—	(979)
Profit (loss) for the year attributable to equity holders	**294**	(1,580)

	2016 number	2015 number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**105,245,846**	96,288,512
Effect of dilutive potential ordinary shares:		
Share options	**1,156,466**	880,265
Contingent shares	**63,982**	—
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**106,466,294**	97,168,777

	2016 Pence	2015 pence
Basic earnings (loss) per share from		
Continuing operations	**0.3**	(0.6)
Discontinued operations	**—**	(1.0)
Total	**0.3**	(1.6)

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:

	2016 £'000	2015 £'000
Earnings from continuing operations		
Profit (loss) for the year attributable to equity holders	**294**	(601)
Amortisation of intangible assets arising on acquisitions	**2,827**	1,413
Unwinding of discount on deferred consideration liabilities	**42**	22
Acquisition-related costs (credit)	**1,080**	(183)
Exceptional costs	**—**	3,101
Tax effect of above items	**(848)**	(975)
Adjusted earnings	**3,395**	2,777

	2016 pence	2015 pence
Adjusted basic and diluted earnings per share	**3.2**	2.9

8. Dividends

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the year		
Interim dividend for the year ended 30 April 2015 of 0.6p (2014: 0.6p) per share	**628**	549
Final dividend for the year ended 30 April 2015 of 1.6p (2014: 1.6p) per share	**1,674**	1,463
	2,302	2,012
Amounts proposed as distributions to equity holders		
Interim dividend for the year ended 30 April 2016 of 0.6p (2015: 0.6p) per share	**637**	628
Final dividend for the year ended 30 April 2016 of 0.6p (2015: 1.6p) per share	**1,698**	1,674
	2,335	2,302

9. Reconciliation to the cash flow statement

	2016 £'000	2015 £'000
Profit (loss) for the year	**294**	(1,580)
Adjustments for:		
Tax	**264**	(338)
Finance costs	**1,023**	1,055
Amortisation of intangible assets	**3,000**	1,584
Depreciation of property, plant and equipment	**848**	861
Non-cash exceptional costs	**—**	1,494
Deemed remuneration	**1,058**	430
Gain on acquisition	**(265)**	(1,135)
Loss on disposal of property, plant & equipment	**192**	25
Loss on disposal of discontinued operations	**—**	570
Share-based payment expense	**62**	61
Operating cash flows before movements in working capital	**6,476**	3,027
Decrease in receivables	**1,223**	4,682
Increase (decrease) in payables	**1,449**	(1,846)
(Decrease) increase in provisions	**(1,239)**	148
Cash generated by operations	**7,909**	6,011