11 July 2017

Begbies Traynor Group plc

Final results
for the year ended 30 April 2017

Begbies Traynor Group plc (the 'company' or the 'group'), the business recovery, financial advisory and property services consultancy, today announces its final results for the year ended 30 April 2017.

Financial highlights*

	2017 £m	2016** £m
Revenue	49.7	50.1
Adjusted profit before tax***	4.9	4.5
Profit before tax	0.6	0.9
Adjusted basic EPS**** (p)	3.3	3.2
Basic EPS (p)	0.2	0.4
Proposed total dividend (p)	2.2	2.2
Net debt	10.3	10.4

**All figures stated from continuing operations*

*** Restated as detailed in note 1*

**** Profit before tax from continuing operations of £0.6m (2016: £0.9m) plus amortisation of intangible assets arising on acquisitions of £2.5m (2016: £2.8m) plus transaction costs of £1.6m (2016: £0.8m) and refinancing costs of £0.2m (2016: nil)*

***** See reconciliation in note 6*

Operational highlights

- A year of further progress in developing the group
- Solid performance in business recovery and financial advisory services:
    - Profits broadly maintained in spite of lowest level of corporate insolvencies since 2004
    - Increased operating margins to 20.3% (2016: 19.8%)
    - Remain the leading UK corporate appointment taker by volume
- Growth in revenue and profits in our property services division:
    - Now contributes approximately 30% of group revenue and profit
    - Acquisition of Pugh & Co in June 2016; now the UK's largest regional firm of commercial property auctioneers by number of lots
    - Continued investment in valuation team following Taylors acquisition in November 2015, further enhancing expertise and geographical coverage
- Business strongly cash generative, enabling funding of acquisition payments whilst reducing net debt
- Refinanced debt facilities through to 2021 at a lower cost than the previous facilities

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

"We have had a year of further progress in developing the group and broadening its service offerings, with earnings in line with expectations. The results reflect a solid performance in business recovery together with the benefit of our diversification into property services, which now contributes approximately 30% of the group's revenue and profit, and is an important focus of our growth strategy.

"We remain the leading UK corporate appointment taker by volume and are well-positioned to take advantage of the cyclicality of this market. Looking forward, we anticipate a growth in earnings in the new financial year as the board continues 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:

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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 further progress in developing the group and broadening its service offerings, with earnings for the year in line with expectations. The results reflect a solid performance in business recovery together with the benefit of our diversification into property services. The latter now contributes approximately 30% of the group's revenue and profit and is an important focus of our growth strategy.

Activity in business recovery for the year as a whole was impacted by the insolvency market being at the lowest level since 2004, which particularly affected the first half year. However, activity levels improved in the second half (as anticipated) giving improved performance on both the first half and the comparative period in 2016.

We remain the leading UK corporate appointment taker by volume and are well positioned to take advantage of the cyclicality of this market. We have made good progress in developing our financial advisory activities and have been appointed on a number of notable engagements in the year, which has helped to mitigate the reduction in insolvency activity.

Overall, in spite of the historically low insolvency volumes, profits from business recovery and financial advisory services have been broadly maintained from the prior year, as a result of our continued focus on cost control, enabling us to deliver an improvement in margins.

We have delivered growth in revenue and profits in our property services division, in which we have continued to invest both organically and through acquisitions. In June 2016 we acquired Pugh & Co, the property auctions business, which we have integrated and is now the largest regional firm of commercial property auctioneers (by number of lots). We have invested in our property valuation team through the recruitment of experienced surveyors, which has enhanced both our expertise and geographical coverage.

The strong revenue and profit uplift from these investments has been partially offset by reduced levels of insolvency-related activity in property services (as anticipated) and the prior year exit from low margin contracts.

The group remains strongly cash generative, which has enabled us to fund acquisition and deferred consideration payments in the year of £2.9m, whilst reducing net debt to £10.3m as at 30 April 2017 (2016: £10.4m).

In November 2016, we refinanced our debt facilities, which are now provided solely by HSBC. The new facilities provide the group with committed funds through to 2021, are at a lower cost than our previous facilities and provide us with the financial strength and flexibility to execute our strategy of organic and acquisitive growth.

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

RESULTS

Group revenue from continuing operations in the year ended 30 April 2017 of £49.7m (2016: £50.1m). Adjusted profit before tax* increased to £4.9m (2016: £4.5m). Profit before tax was £0.6m (2016: £0.9m). Statutory loss for the year (including loss from discontinued operations of £0.5m) was £0.3m (2016: profit of £0.4m).

Earnings per share from continuing operations**, adjusted for the net of tax impact of amortisation of intangible assets arising on acquisitions, transaction costs and refinancing costs were 3.3p (2016: 3.2p). Basic and fully diluted earnings per share from continuing operations were 0.2p (2016: 0.4p).

Net debt of £10.3m at 30 April 2017 (2016: £10.4m), after making acquisition and deferred consideration payments in the year of £2.9m. Gearing stood at 18% (2016: 17%) and the group retains significant headroom in its committed banking facilities. Interest cover*** was 7.2 times (2016: 5.5 times).

** Profit before tax from continuing operations of £0.6m (2016: £0.9m) plus amortisation of intangible assets arising on acquisitions of £2.5m (2016: £2.8m) plus transaction costs of £1.6m (2016: £0.8m) and refinancing costs of £0.2m (2016: nil)*

*** See reconciliation in note 6*

**** Before amortisation, transaction costs and refinancing costs*

DIVIDEND

The board remains committed to a long-term progressive dividend policy, and intends to increase dividends when we are confident of both the market outlook and continuing our recent earnings growth.

Having considered the results for the year 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 (2016: 2.2p). This comprises the interim dividend already paid of 0.6p (2016: 0.6p) and a final dividend of 1.6p (2016: 1.6p).

The final dividend will be paid on 8 November 2017 to shareholders on the register on 13 October 2017, with an ex-dividend date of 12 October 2017.

PEOPLE

The success of our business is reliant on the quality of advice delivered to our clients by our people. I would like to thank all of our colleagues for their contribution over the course of this year.

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.

Activity levels in business recovery have improved in calendar year 2017, with national appointment numbers for the first calendar quarter showing growth on the comparative period in 2016. In the event that this increase in activity levels is sustained throughout the year, then we anticipate an increase in earnings in our insolvency-related activities. However, we expect a typical summer period of lower activity levels and will have a better view on outlook later in the year.

Financial performance in property services in 2017 benefitted from a consultancy fee which we do not expect to be repeated in the new financial year. Therefore, earnings growth on a like for like basis will be dependent on either the success of our organic growth initiatives or potential acquisitions.

Overall, we anticipate a 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 2017.

Ric Traynor
Executive chairman
11 July 2017

STRATEGIC REPORT

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 through two complementary operating divisions.

Business recovery and financial advisory services

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.

BTG Financial Consulting provides transactional support, valuations and advisory services.

We provide these services to businesses, professional advisors, other stakeholders, investors and financial institutions, working with all the major UK clearing banks.

Property services

Eddisons is a national firm of chartered surveyors, delivering advisory and transactional services to owners and occupiers of commercial property, investors and financial institutions. The division includes Pugh & Co, the largest regional firm of commercial property auctioneers by number of lots.

STRATEGY

Our strategy is to be recognised as a leading UK professional services consultancy, delivering business recovery, financial advisory and property advisory services.

We continue to deliver this through developing our expertise in:

- Business restructuring and insolvency;
- Valuation and advisory services;
- Transactional support; and
- Commercial property services

to our client base of UK businesses; financial institutions and the investment community; commercial property owners and occupiers; individuals and professional advisors.

We operate on a national basis throughout the UK, with a partner-led service in the local business community. We also have the added capability of providing expertise in key global jurisdictions through our international alliance under the BTG Global Advisory network of associated firms.

We will enhance our expertise through ongoing investment in the group, both organically and through selective acquisitions.

OPERATING REVIEW

Business recovery and financial advisory

Insolvency market

The number of corporate insolvencies (source: The Insolvency Service) in calendar year 2016* was broadly unchanged at 14,736 (2015: 14,657), representing the lowest level of corporate appointments since 2004. Appointment numbers in the quarter ended 31 March 2017 were 4,157, which represents an 8% increase on the comparable quarter in 2016 (2016: 3,842).

**Source: The Insolvency Service quarterly insolvency statistics, excluding the one off effect of 1,796 connected personal service companies which entered liquidation on the same date in 2016 following changes to claimable expenses rules.*

Financial performance

Revenue in the period decreased to £36.2m (2016: £37.7m) as a result of the low level of market activity in the first half of the financial year. Segmental profits* were broadly maintained at £7.4m (2016: £7.5m) as a result of continued cost control with an improvement in operating margins to 20.3% (2016: 19.8%).

Following a particularly quiet period in the first half of the financial year, activity levels improved in the second half (as anticipated) giving improved performance on both the first half of the financial year and the comparative period in 2016. However, we anticipate a typical summer period of lower activity levels and will have a better view on outlook later in the year.

We have made good progress in developing our financial advisory services through our London-based BTG Financial Consulting team, which has helped to mitigate the reduction in insolvency activity. They have advised on a number of significant transactions in the year providing restructuring, due diligence, valuation and other advisory services.

The number of people employed in the division has reduced to 337 as at 30 April 2017 from 355 at the start of the financial year. We have continued to develop our team and are pleased to have promoted two fee earners to partner during the year. We retain the capacity to deliver growth in revenue and profits from our existing team in the event of an increase in activity levels.

We have maintained our market share and remain the leading corporate appointment taker by volume.

** See note 2*

Property services

Revenue increased to £13.5m (2016: £12.4m) with an increase in segmental profits* to £2.9m (2016: £2.4m). Operating margins improved to 21.6% (2016: 19.4%).

The strong revenue and profit growth from current and prior year acquisitions has been partially offset by reduced levels of insolvency-related activity in property services (as anticipated) and the prior year exit from low margin contracts. The business also benefitted from one-off consultancy fee income of £0.4m in the first half of the year following the conclusion of an advisory contract.

The Eddisons teams are working alongside Begbies Traynor teams on a number of insolvency engagements, which is leading to value being retained in the group on these engagements.

The Pugh & Co property auctions business, which was acquired in June 2016 to enhance our property transactional services, has been fully integrated with our existing Eddisons auctions business and has performed well and in line with expectations. The business is now the largest regional firm of commercial property auctioneers (by number of lots).

We have continued to develop our property valuation business following the acquisition of the Taylors valuation practice in November 2015, which has continued to perform in line with expectations. During the year, we have enhanced both our expertise and geographical coverage through the recruitment of experienced surveyors. The team now provides a full range of property valuations and recovery advice to all the major banks on a national basis. Our enhanced team, together with our bank accreditations, provides the opportunity for further development in the new financial year.

We anticipate that any further reduction in property-related insolvency work in the new financial year will be offset by increased levels of valuation activity.

The number of people employed in the division has increased to 170 as at 30 April 2017 from 150 at the start of the financial year.

In the new financial year, we will continue to invest in the division through senior recruitment, in addition to seeking further acquisitions. These growth initiatives will develop both our service offering and geographical coverage.

** See note 2*

Partners and employees

As at 30 April 2017, the group employed a total of 545 partners and staff (2016: 547); this comprises 384 fee earners and 161 support staff.

FINANCE REVIEW

Financial summary

	2017 £'000	Restated 2016 £'000
Revenue from continuing operations	**49,685**	50,135
Operating profit (before transaction costs and amortisation)	**5,627**	5,488
Interest costs	**(776)**	(999)
Adjusted profit before tax	**4,851**	4,489
Refinancing costs	**(225)**	-
Transaction costs	**(1,545)**	(790)
Amortisation of intangible assets arising on acquisitions	**(2,439)**	(2,827)
Profit before tax	**642**	872
Tax	**(429)**	(424)
Profit for the year from continuing operations	**213**	448

Revenue

Revenue in the year was £49.7m (2016: £50.1m).

Property services revenue increased by £1.1m, reflecting:

- the benefit of the Pugh acquisition in June 2016 of £2.0m;
- the full year impact of the prior year acquisition of the Taylors valuation practice of £0.9m; partially offset by
- reduced revenue from insolvency-related activities of £0.9m; and
- the prior year exit from low margin contracts of £0.9m.

Business recovery and financial advisory revenue decreased by £1.5m, as a result of:

- low levels of market activity in the first half of the financial year reducing revenue by £2.7m; partially offset by
- increased revenue from advisory services of £1.2m.

Revenue generated from businesses acquired in the financial year was £2.0m.

Operating profit (before transaction costs and amortisation)

Operating profit increased to £5.6m (2016: £5.5m) with margins increased to 11.3% (2016: 10.9%).

Operating costs (excluding transaction costs and amortisation) net of other income decreased to £44.1m (2016: £44.6m). Cost reductions in the year of £1.6m were partially offset by costs associated with acquired businesses of £1.1m.

Interest costs

Interest costs reduced to £0.8m (2016: £1.0m), as a result of the group's reduced borrowing costs following the refinancing in November 2016.

Refinancing costs

One-off costs incurred in connection with the refinancing of the group's banking facilities in the year were £0.2m.

Transaction costs

Transaction costs in the year of £1.5m (2016: £0.8m) comprise:

- acquisition costs of £0.1m (2016: £0.3m);
- deemed remuneration charges of £1.4m (2016: £1.1m);
- charge relating to the put and call option over Begbies Traynor (London) LLP of £0.3m (2016: nil); offset by
- gain on acquisition of £0.3m (2016: £0.6m).

Amortisation of intangible assets arising on acquisitions

Amortisation costs decreased to £2.4m (2016: £2.8m).

Tax

The tax charge for the year (prior to the credit resulting from amortisation, refinancing and transaction costs) was £1.3m (2016: £1.1m) representing an effective tax rate of 27% (2016: 25%). The tax credit resulting from amortisation, refinancing and transaction costs was £0.9m (2016: £0.7m).

The overall tax charge for the year from continuing operations was £0.4m (2016: £0.4m).

Earnings per share ('EPS')

EPS*, adjusted for the net of tax impact of amortisation, refinancing and transaction costs, were 3.3p (2016: 3.2p).

Basic and diluted earnings per share of 0.2p (2016: 0.4p).

** See reconciliation in note 6*

Discontinued operations

In the year ended 30 April 2015 the group discontinued its global risk partners division. A post-tax impairment charge of £0.5m has been recognised in the year ended 30 April 2017 against deferred consideration receivable.

Acquisitions

On 3 June 2016 the group acquired the entire issued share capital of Pugh Auction Group Limited ("Pugh & Co") on a cash free, debt free basis for an initial cash consideration of £2.0m.

Under the terms of the acquisition, additional contingent consideration of up to £2.625m will become payable subject to the achievement of stretching financial targets for the consolidated auctions business (representing the original Eddisons auctions business and Pugh & Co) in the five year period directly following completion, calculated according to an agreed formula.

Up to £0.25m of the contingent consideration is payable based on meeting financial targets in the first year post acquisition and may be satisfied through either the issuing of new ordinary shares at the prevailing market value or cash at the Group's discretion. The remainder of the contingent consideration is payable in cash over the five year period post acquisition.

A proportion of the consideration payable for this acquisition requires post-acquisition service obligations to be performed by the selling shareholder. These amounts are treated as deemed remuneration and 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 (£2.1m) exceeds the accounting value of the consideration (£1.8m) and consequently a gain of £0.3m has been recognised as a transaction cost in the year.

Cash flows

Cash generated by operations (before interest and tax payments) in the year was £8.0m (2016: £7.9m). Tax payments in the year were £1.5m (2016: £0.1m). Interest payments were £0.9m (2016: £1.0m).

Cash outflows from investing activities were £3.2m (2016: £2.1m). Capital expenditure was £0.3m (2016: £0.5m). Deferred payments relating to prior year acquisitions were £1.1m (2016: £0.6m). Acquisition payments (net of cash acquired) were £1.8m (2016: £0.9m).

Financing cash outflows were £3.3m (2016: £6.3m). During the year we reduced the level of drawn debt under our banking facilities by £1.0m (2016: £4.0m). Dividend payments were £2.3m (2016: £2.3m).

Financing

On 1 November 2016, we renewed our debt facilities, in line with our previously stated intention to renew them during the financial year.

The new £30m facilities are being provided by HSBC solely and replace the group's previous £30m facilities. These were due to mature between July 2017 and April 2021 and were provided by three lenders (including HSBC).

The new facilities are unsecured, mature on 31 August 2021 and comprise a £25m committed revolving credit facility and a £5m uncommitted acquisition facility. These facilities are at a lower overall cost to the previous facilities.

The arrangement costs associated with this refinancing will be recognised over the expected life of the facilities in accordance with IFRS. One-off costs charged in the year for early settlement charges were £0.2m with the full benefit of the reduced borrowing costs being realised in future years.

Net borrowings reduced to £10.3m at 30 April 2017 (2016: £10.4m), with gearing of 18% (2016: 17%) and significant headroom within the committed banking facilities. During the year, all bank covenants were comfortably met and the group remains in a strong financial position. Interest cover* was 7.2 times (2016: 5.5 times).

** Before amortisation, refinancing costs and transaction costs*

Net assets

At 30 April 2017 net assets were £58.1m (2016: £60.2m).

Non-current assets were £60.0m (2016: £60.4m), with intangible assets recognised on acquisitions and capital expenditure in the year broadly offset by depreciation and amortisation charges.

Trade and other receivables were £29.8m (2016: £34.5m).

Net borrowings reduced to £10.3m (2016: £10.4m).

Trade and other payables were £13.9m (2016: £15.8m). The balance includes trade creditors of £1.2m (2016: £1.6m), accruals of £4.5m (2016: £5.9m), tax and social security creditors of £2.4m (2016: £2.2m), deferred income of £2.0m (2016: £2.7m), other creditors of £3.1m (2016: £2.7m), and deferred consideration liabilities of £0.7m (2016: £0.6m) of which £0.4m (2016: £0.6m) is payable within one year.

Current tax liabilities were £0.8m (2016: £1.3m). Net deferred tax liabilities were £5.4m (2016: £5.5m).

Provisions for property costs and post-disposal obligations total £1.2m (2016: £1.7m) of which £0.8m 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
11 July 2017

Nick Taylor
Group finance director
11 July 2017

Consolidated statement of comprehensive income

	2017 £'000	Restated 2016 £'000
Continuing operations		
Revenue	**49,685**	50,135
Direct costs	**(28,130)**	(28,058)
Gross profit	**21,555**	22,077
Other operating income	**397**	249
Administrative expenses	**(20,309)**	(20,455)
Operating profit before amortisation and transaction costs	**5,627**	5,488
Transaction costs	**(1,545)**	(790)
Amortisation of intangible assets arising on acquisitions	**(2,439)**	(2,827)
Operating profit	**1,643**	1,871
Finance costs	**(1,001)**	(999)
Profit before tax	**642**	872
Tax	**(429)**	(424)
Profit for the year from continuing operations	**213**	448
Discontinued operations		
Loss from the year from discontinued operations	**(476)**	—
(Loss) profit for the year	**(263)**	448
Other comprehensive income		
Exchange differences on translation of foreign operations	**2**	3
Total comprehensive (loss) income for the year	**(261)**	451
Earnings (loss) per share		
From continuing operations		
Basic and diluted	**0.2 pence**	0.4 pence
From continuing and discontinued operations		
Basic and diluted	**(0.2) pence**	0.4 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 2015 as previously reported	5,536	22,473	17,584	(5)	15,392	60,980
Restatement	—	—	—	—	395	395
At 1 May 2015 as restated	5,536	22,473	17,584	(5)	15,787	61,375
Profit for the year as restated	—	—	—	—	448	448
Other comprehensive income:						
Exchange differences on translation of foreign operations	—	—	—	3	—	3
Total comprehensive loss for the year	—	—	—	3	448	451
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 as restated	**5,611**	**23,042**	**17,584**	**(2)**	**13,995**	**60,230**
Loss for the year	—	—	—	—	(263)	(263)
Other comprehensive income:						
Exchange differences on translation of foreign operations	—	—	—	2	—	2
Total comprehensive income for the year	—	—	—	2	(263)	(261)
Dividends	—	—	—	—	(2,335)	(2,335)
Credit to equity for equity-settled share-based payments	—	—	—	—	431	431
Shares issued	29	216	—	—	(210)	35
At 30 April 2017	**5,640**	**23,258**	**17,584**	**—**	**11,618**	**58,100**

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

Consolidated balance sheet

	2017 £'000	Restated 2016 £'000
Non-current assets		
Intangible assets	**58,471**	58,407
Property, plant and equipment	**1,498**	1,979
	59,969	60,386
Current assets		
Trade and other receivables	**29,761**	34,465
Cash and cash equivalents	**6,715**	7,634
	36,476	42,099
Total assets	**96,445**	102,485
Current liabilities		
Trade and other payables	**(13,585)**	(15,762)
Current tax liabilities	**(843)**	(1,263)
Provisions	**(755)**	(728)
	(15,183)	(17,753)
Net current assets	**21,293**	24,346
Non-current liabilities		
Trade and other payables	**(335)**	—
Borrowings	**(17,000)**	(18,000)
Provisions	**(418)**	(994)
Deferred tax	**(5,409)**	(5,508)
	(23,162)	(24,502)
Total liabilities	**(38,345)**	(42,255)
Net assets	**58,100**	60,230
Equity		
Share capital	**5,640**	5,611
Share premium	**23,258**	23,042
Merger reserve	**17,584**	17,584
Translation reserve	**—**	(2)
Retained earnings	**11,618**	13,995
Equity attributable to owners of the company	**58,100**	60,230

Consolidated cash flow statement

	2017 £'000	2016 £'000
Cash flows from operating activities		
Cash generated by operations	**7,974**	7,909
Income taxes paid	**(1,462)**	(139)
Interest paid	**(919)**	(996)
Net cash from operating activities	**5,593**	6,774
Investing activities		
Purchase of property, plant and equipment	**(289)**	(511)
Purchase of intangible fixed assets	**(8)**	(13)
Proceeds on disposal of fixed assets	**—**	10
Deferred consideration payments	**(1,144)**	(639)
Acquisition of businesses	**(1,773)**	(937)
Net cash from investing activities	**(3,214)**	(2,090)
Financing activities		
Dividends paid	**(2,335)**	(2,302)
Proceeds on issue of shares	**37**	43
Repayment of loans	**(1,000)**	(4,000)
Net cash from financing activities	**(3,298)**	(6,259)
Net decrease in cash and cash equivalents	**(919)**	(1,575)
Cash and cash equivalents at beginning of year	**7,634**	9,209
Cash and cash equivalents at end of year	**6,715**	7,634

1. Basis of preparation and accounting policies

The results for the year ended 30 April 2017 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 2016, except for the change in accounting relating to acquisitions where the consideration payable requires post-acquisition service obligations to be performed by the selling shareholders, as noted below.

The group's financial statements for the year ended 30 April 2017 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 2016 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 2017 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 2017 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.

Prior year restatement

During the year the group updated its accounting in respect of the acquisition of subsidiaries and businesses where the consideration payable requires post-acquisition service obligations to be performed by the selling shareholders. The group previously recognised the total expected liability within the initial accounting for the acquisition, with any amounts relating to future obligations included as an asset within trade and other receivables.

The group will now recognise the liability prospectively over the period of the obligation with any asset or liability only arising due to a timing difference between the contractual payment date and the date of the service obligation being provided. There is no change to the deemed remuneration charge to the consolidated statement of comprehensive income as a result of this accounting change. In addition, the group previously recognised a deferred tax liability together with discounting future payments in relation to the deemed remuneration, which will no longer be recognised.

The net impact of these adjustments was a £0.4m credit to opening reserves at 1st May 2015 (for all acquisitions prior to 30 April 2015) and a £0.2m credit to the 2016 comparative consolidated statement of comprehensive income. The group's KPI's of adjusted profit before tax and adjusted EPS were not impacted by this restatement. There were no restatements to reported cashflows.

The impact on each line item on the primary financial statements is shown in the table below:

	As reported 2016 £'000	Adjustments 2016 £'000	Restated 2016 £'000
Consolidated income statement			
Transaction costs	(1,080)	290	(790)
Finance costs	(1,023)	24	(999)
Tax	(264)	(160)	(424)
Profit for the year from continuing operations	294	154	448
Basic earnings per share			
From continuing operations	0.3p	0.1p	0.4p
Consolidated balance sheet			
Total assets	103,171	(686)	102,485
Total liabilities	(43,490)	1,235	(42,255)
Total shareholders funds	59,681	549	60,230

2. Segmental analysis by class of business

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

	Business recovery and financial advisory services 2017 £'000	**Property services 2017 £'000**	**Consolidated 2017 £'000**
Revenue			
Total revenue from rendering of professional services	**36,231**	**13,524**	**49,755**
Inter-segment revenue	**—**	**(70)**	**(70)**
External revenue	**36,231**	**13,454**	**49,685**
Segmental result	**7,353**	**2,900**	**10,253**
Shared and central costs			**(4,626)**
Operating profit before amortisation and transaction costs			**5,627**

	Business recovery and financial advisory services 2016 £'000	Property services 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)
Operating profit before amortisation and transaction costs			5,488

3. Discontinued operations

In the year ended 30 April 2015 the group discontinued its global risk partners division. In the year ended 30 April 2017, a post-tax impairment charge of £476k has been recognised in the year against deferred consideration receivable.

	2017 £'000	2016 £'000
Administrative expenses	**(594)**	—
Loss before tax	**(594)**	—
Tax	**118**	—
Loss for the period from discontinued operations	**(476)**	—

4. Finance costs

Continuing	**2017 £'000**	Restated 2016 £'000
Interest on bank overdrafts and loans	**760**	981
Unwinding of discount on deferred consideration liabilities	**16**	18
Interest costs	**776**	999
Refinancing costs	**225**	—
Total finance costs	**1,001**	999

5. Transaction costs

Continuing	2017 £'000	Restated 2016 £'000
Deemed remuneration	**1,420**	1,058
Acquisition costs	**141**	287
Gain on acquisition	**(351)**	(555)
Charge relating to the put and call option over Begbies Traynor (London) LLP	**335**	—
	1,545	790

6. Earnings per share

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

	2017 £'000	Restated 2016 £'000
Earnings		
Profit for the year from continuing operations attributable to equity holders	**213**	448
Loss from discontinued operations attributable to equity holders	**(476)**	—
(Loss) profit for the year attributable to equity holders	**(263)**	448

	2017 number	2016 number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**107,246,497**	105,245,846
Effect of dilutive potential ordinary shares:		
Share options	**1,688,849**	1,156,466
Contingent shares	**1,642,313**	2,279,481
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**110,577,659**	108,681,793

	2017 pence	Restated 2016 pence
Basic earnings (loss) per share from		
Continuing operations	**0.2**	0.4
Discontinued operations	**(0.4)**	—
Total	**(0.2)**	0.4

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:

	2017 £'000	Restated 2016 £'000
Earnings from continuing operations		
Profit for the year attributable to equity holders	**213**	448
Amortisation of intangible assets arising on acquisitions	**2,439**	2,827
Transaction costs	**1,545**	790
Refinancing costs	**225**	—
Tax effect of above items	**(875)**	(701)
Adjusted earnings	**3,547**	3,364

	2017 pence	2016 pence
Adjusted basic earnings per share from continuing operations	**3.3**	3.2
Adjusted diluted earnings per share from continuing operations	**3.2**	3.1

7. Dividends

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the year		
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 1.6p (2015: 1.6p) per share	**1,698**	1,674
	2,335	2,302
Amounts proposed as distributions to equity holders		
Interim dividend for the year ended 30 April 2017 of 0.6p (2016: 0.6p) per share	**640**	637
Final dividend for the year ended 30 April 2017 of 0.6p (2016: 1.6p) per share	**1,707**	1,698
	2,347	2,335

The proposed final dividend is subject to approval by shareholders at the annual general meeting in September 2017. The interim dividend for 2017 was not paid until 5 May 2017 and, accordingly, has not been included as a liability in these financial statements nor as a distribution to equity shareholders.

8. Reconciliation to the cash flow statement

	2017 £'000	Restated 2016 £'000
(Loss) profit for the year	**(263)**	448
Adjustments for:		
Tax	**311**	424
Finance costs	**1,001**	999
Amortisation of intangible assets	**2,613**	3,000
Depreciation of property, plant and equipment	**769**	848
Deemed remuneration	**1,420**	1,058
Charge relating to the put and call option over Begbies Traynor (London) LLP	**335**	—
Gain on acquisition	**(351)**	(555)
Loss on disposal of property, plant & equipment	**13**	192
Loss on disposal of discontinued operations	**594**	—
Share-based payment expense	**431**	62
Operating cash flows before movements in working capital	**6,873**	6,476
Decrease in receivables	**3,179**	1,223
(Decrease) increase in payables	**(1,529)**	1,449
Decrease in provisions	**(549)**	(1,239)
Cash generated by operations	**7,974**	7,909