10 July 2018

Begbies Traynor Group plc

Final results
for the year ended 30 April 2018

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 2018.

Financial highlights*

	2018 £m	2017 £m
Revenue	52.4	49.7
Adjusted profit before tax**	5.6	4.9
Profit before tax	2.3	0.6
Adjusted basic EPS*** (p)	4.0	3.3
Basic EPS (p)	1.3	0.2
Proposed total dividend (p)	2.4	2.2
Net debt	7.5	10.3

**All figures stated from continuing operations*

*** Profit before tax from continuing operations of £2.3m (2017: £0.6m) plus amortisation of intangible assets arising on acquisitions of £1.9m (2017: £2.5m) plus transaction costs of £1.4m (2017: £1.6m) and refinancing costs of £nil (2017: £0.2m)*

**** See reconciliation in note 6*

Operational highlights

- Business recovery and financial advisory:
  - Increase in revenue and profit whilst investing in our team for future growth
  - Developed advisory services through the acquisition of Springboard Corporate Finance and the launch of BTG Advisory
- Property services:
  - Solid performance in the year with growth in both revenue and profit
  - Continuing to invest in the business through recruitment and acquisition of CJM Asset Management
- Strong cash generation reduced net debt to its lowest level since 2007
- Proposed 9% increase in total dividend for the year, the first increase since 2011

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

"It is pleasing to report a further year of progress in developing the group, during which we have continued to deliver earnings growth, reflecting the benefit of the strategic investments we have made in recent years. We have also proposed our first increase in the group's annual dividend since 2011 and at the same time have reported our lowest net debt since 2007.

"We anticipate continuing our track record of earnings growth in the new financial year, with the benefit of a full year contribution from our recent acquisitions together with growth from our ongoing investments. Overall, we remain in a strong position to invest in further opportunities given our financial resources, in line with our strategy to grow both organically and through selective acquisitions."

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

Enquiries please contact:

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

Canaccord Genuity Limited 020 7523 8350
(Nominated Advisor and Joint Broker)
Sunil Duggal / Andrew Buchanan / Margarita Mitropoulou

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

It is pleasing to report a further year of progress in developing the group, during which we have continued to deliver earnings growth, reflecting the benefit of the strategic investments we have made in recent years.

Market levels of activity in insolvency were broadly in line with the prior year, with the UK economy continuing to operate in the low interest rate environment we have been operating in since 2009. Against this background, our business recovery and financial advisory business grew its revenue and profit. We also increased our market share, further strengthening our position as the largest UK corporate appointment taker by volume. We have continued to invest in this business through recruitment of senior, work-winning partners and staff.

We have made further progress in developing our advisory services in the year through organic and acquisitive means. We launched BTG Advisory in the year to bring together our restructuring, financial advisory, corporate finance, forensic and investigation teams, which are complementary to our core business recovery practice and have good growth potential.

In line with this, in March 2018 we acquired Springboard Corporate Finance. Springboard is a highly regarded mid-market corporate finance business operating from offices in Birmingham, London and Nottingham. We will look to continue to invest and develop our advisory services in the new financial year.

Our property services business also delivered a solid performance with growth in both revenue and profit. We have continued to invest in the division through both the recruitment of senior fee earners and the acquisition of CJM Asset Management.

The group remains strongly cash generative, which has enabled us to fund £1.9m of acquisition and deferred consideration payments whilst continuing to reduce the group's net debt to £7.5m at 30 April 2018 (2017: £10.3m).

The group's financial performance and strong cash generation, combined with our confidence in sustaining our recent earnings growth, has led the board to recommend a 9% increase in the dividend for the year to 2.4p from 2.2p. Following the increase in the dividend paid at the interim stage, this is the first annual dividend increase since 2011.

RESULTS

Group revenue from continuing operations in the year ended 30 April 2018 was £52.4m (2017: £49.7m). Adjusted profit before tax* increased to £5.6m (2017: £4.9m), benefiting from improved contribution from both business segments and lower interest costs. Profit before tax was £2.3m (2017: £0.6m). Statutory profit for the year was £1.4m (2017: loss of £0.3m, including loss from discontinued operations of £0.5m).

Adjusted basic earnings per share** were 4.0p (2017: 3.3p). Basic and fully diluted earnings per share from continuing operations were 1.3p (2017: 0.2p).

Net debt was £7.5m at 30 April 2018 (2017: £10.3m), after making acquisition and deferred consideration payments in the year of £1.9m. This is the lowest year end net debt reported by the group since 2007. Gearing*** stood at 13% (2017: 18%) and the group retains significant headroom in its committed banking facilities. Interest cover**** was 12.6 times (2017: 7.2 times).

** Profit before tax from continuing operations of £2.3m (2017: £0.6m) plus amortisation of intangible assets arising on acquisitions of £1.9m (2017: £2.5m) plus transaction costs of £1.4m (2017: £1.6m) and refinancing costs of £nil (2017: £0.2m)*

*** See reconciliation in note 6*

**** Calculated as net debt divided by net assets*

***** Calculated as operating profit before amortisation and transaction costs divided by interest costs*

DIVIDEND

The board is pleased to recommend (subject to shareholder approval at the company's annual general meeting) an increased dividend for the year to 2.4p (2017: 2.2p), an increase of 9%. This comprises the interim dividend already paid of 0.7p (2017: 0.6p) and a proposed final dividend of 1.7p (2017: 1.6p).

The board remains committed to a long-term progressive dividend policy, taking account of both the market outlook and earnings growth.

The final dividend will be paid on 8 November 2018 to shareholders on the register on 12 October 2018, with an ex-dividend date of 11 October 2018.

PEOPLE

I would like to thank all of our partners and staff for their valued contribution to the business during the course of this year. Our success remains reliant on quality advice and service being delivered to our clients by our people.

BOARD APPOINTMENT

Mark Stupples was appointed to the board as a non-executive director in July 2017. Mark has significant property services experience as a result of his senior roles in major firms, including King Sturge as UK managing partner, when he negotiated the sale of the business to JLL. Following the acquisition, Mark was appointed as JLL's UK chief operating officer until leaving the business in December 2016. During this time, he completed a number of UK acquisitions.

The board now comprises three executive and three non-executive directors.

OUTLOOK

The market for our counter-cyclical activities remains stable and we continue to focus on delivering future growth by investing in the business.

We anticipate continuing our track record of earnings growth in the new financial year. With the benefit of a full year contribution from the Springboard and CJM acquisitions together with anticipated revenue growth from our ongoing organic investments, our expectations remain unchanged.

Any further growth in earnings in the new financial year could be generated from a faster return on the investments we have made or an overall improvement in our counter-cyclical market conditions.

Overall, we remain in a strong position to invest in further opportunities given our financial resources, in line with our strategy to grow both organically and through selective acquisitions.

As usual, we expect to provide a further update on current trading at the time of the company's annual general meeting in September 2018.

Ric Traynor
Executive chairman
10 July 2018

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 Advisory provides transactional support, valuations and advisory services.

We provide these services to businesses, professional advisors, other stakeholders, investors and financial institutions.

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 Insolvency Service issues quarterly statistics on the number of corporate insolvencies in England and Wales. The underlying number of corporate insolvencies* in calendar year 2017 was broadly unchanged at 14,608 (2016: 14,716).

Excluding the effect of bulk insolvencies, the underlying number of corporate insolvencies rose in the first calendar quarter of 2018 to 3,987, a 13.0% increase on the previous quarter and a 0.6% increase on the same quarter in 2017. Although this is the highest level of corporate insolvencies since the first quarter of calendar year 2014, any sustained increase is likely to be as a result of either a marked change in interest rates or a change in the economic environment.

**Source: The Insolvency Service quarterly statistics on a seasonally adjusted basis, excluding the one-off effect of 2,682 (2017: 1,704) bulk insolvencies as identified by the Insolvency Service.*

Financial performance

In the benign corporate environment noted above, we have invested in our team, which has increased our market share in our core business recovery practice, whilst also developing our advisory capabilities, principally through acquisition.

As a result of these initiatives, together with success fees received on the completion of contingent insolvency cases, revenue in the year increased to £38.3m (2017: £36.2m). Operating costs increased to £30.7m (2017: £28.9m), due to the investment noted above and increased people costs, giving an increase in segmental profits* to £7.6m (2017: £7.4m). As a result of the investment in the year, our operating margins decreased slightly to 19.8% (2017: 20.3%), which we anticipate will recover in future years as we generate a return on the investments we have made.

The investment in the business recovery team has involved the recruitment of experienced, market-facing insolvency staff, together with enhancing our business development capabilities. As a result of these initiatives, in spite of the overall number of appointments being broadly unchanged, we have increased our market share and remain the leading corporate appointment taker in the UK by volume. We have also undertaken some larger contingent fee work during the year.

We have continued to develop our advisory services in the year and launched BTG Advisory, which brings together our restructuring, financial advisory, corporate finance, forensic and investigation teams to operate as one national team.

In March 2018 we acquired Springboard Corporate Finance, a highly-regarded mid-market corporate finance team, which is complementary to our other advisory services. Springboard operates from offices in Birmingham, London and Nottingham and its team of 13 employees and management joined the group on acquisition. The practice has strong relationships with owner-managers, management teams and private equity firms, acting across a broad range of buy and sell side private company transactions.

Springboard's management team will be responsible for the ongoing management and development of the group's corporate finance services, and we believe that the integration of the Springboard team with our existing advisory offerings provides a strong platform for further growth. We will look to continue to invest and develop our advisory services in the new financial year.

The number of people employed in the division has increased to 351 as at 30 April 2018 from 337 at the start of the financial year. We have continued to develop our team and are pleased to have promoted four 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.

* *See note 2*

Property services

Revenue increased to £14.2m (2017: £13.5m) with an increase in segmental profits* to £3.1m (2017: £2.9m). Operating margins increased to 22.1% (2017: 21.6%).

We have continued to develop the division during the year through organic investment and acquisition. We have invested in our property valuation team through the recruitment of experienced surveyors and enhanced our building consultancy offering to the education sector, where we have achieved increased levels of instructions over the last 12 months.

Our machinery and business asset disposal team has performed well, working alongside Begbies Traynor teams on a number of insolvency engagements, and was also strengthened through our acquisition of CJM Asset Management in February 2018. CJM specialise in the sale of industrial plant and machinery assets through its online platform, physical auction centre and private treaty sales. The 11-strong team, including management, have been integrated with the existing Eddisons machinery and business asset disposal team.

We also recruited a new team in Liverpool, providing valuation and agency services operating from the group's existing office.

These growth areas have offset a reduction in commercial property auction levels, as a result of a quieter commercial auction environment, together with lower levels of property insolvency activity following the completion of several long-running appointments.

The number of people employed in the division has increased to 182 as at 30 April 2018 from 170 at the start of the financial year.

* *See note 2*

Partners and employees

As at 30 April 2018, the group employed a total of 576 partners and staff (2017: 545); this comprises 427 fee earners and 149 support staff.

FINANCE REVIEW

Financial summary

	2018 £'000	2017 £'000
Revenue from continuing operations	**52,441**	49,685
Operating profit (before transaction costs and amortisation)	**6,059**	5,627
Interest costs	**(482)**	(776)
Adjusted profit before tax	**5,577**	4,851
Refinancing costs	**—**	(225)
Transaction costs	**(1,364)**	(1,545)
Amortisation of intangible assets arising on acquisitions	**(1,917)**	(2,439)
Profit before tax	**2,296**	642
Tax	**(872)**	(429)
Profit for the year from continuing operations	**1,424**	213

Revenue

Revenue increased by 6% to £52.4m (2017: £49.7m) in the year as result of our investments and organic growth initiatives. Business recovery and financial advisory activities contributed £2.1m of this increase and property services revenue increased by £0.7m.

Acquisitions in the year contributed £0.6m of revenue.

Operating profit (before transaction costs and amortisation)

Operating profit (before transaction costs and amortisation) increased to £6.1m (2017: £5.6m) with operating margins of 11.6% (2017: 11.3%).

Interest costs

Interest costs reduced to £0.5m (2017: £0.8m), as a result of the group's reduced borrowing costs following the refinancing in the previous year.

Refinancing costs

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

Transaction costs

Transaction costs in the year of £1.4m (2017: £1.5m) comprise:

- acquisition costs of £0.1m (2017: £0.1m);
- deemed remuneration charges of £1.7m (2017: £1.4m);
- a charge relating to the put and call option over Begbies Traynor (London) LLP of £0.8m (2017: £0.3m); offset by
- gain on acquisitions of £1.2m (2017: £0.3m).

Amortisation of intangible assets arising on acquisitions

Amortisation costs decreased to £1.9m (2017: £2.4m).

Tax

The overall tax charge for the year from continuing operations was £0.9m (2017: £0.4m), comprising a tax charge on adjusted profit before tax of £1.3m (2017: £1.3m), partially offset by a tax credit resulting from amortisation, refinancing and transaction costs of £0.4m (2017: £0.9m).

The adjusted tax rate reduced to 22% (2017: 27%) as a result of increased accounting profits with a lower level of non tax-deductible costs, a 1% reduction in the UK corporation tax rate and an adjustment in relation to prior year provisions.

The statutory tax rate reduced to 38% (2017: 67%) due to the lower adjusted tax rate, as noted above, together with an adjustment to deferred tax balances in the prior year relating to future enacted changes in UK tax rates.

Earnings per share ('EPS')

Adjusted basic earnings per share* were 4.0p (2017: 3.3p). Basic and fully diluted earnings per share were 1.3p (2017: 0.2p).
** See reconciliation in note 6*

Acquisitions

Springboard Corporate Finance

On 6 March 2018, the group acquired the entire issued share capital of Springboard Corporate Finance Limited ("Springboard") for an initial net consideration of £2.75m (on a cash free, debt free basis), satisfied by £1.375m in cash and through the issue of 1,884,568 new ordinary shares of 5 pence each in the group.

Under the terms of the acquisition, additional contingent consideration of up to £0.5m will become payable subject to the achievement of financial targets in the five-year period directly following completion. The contingent consideration is calculated according to an agreed formula and is payable in cash.

A proportion of 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 charged to the consolidated statement of comprehensive income over the period of the obligation.

Gross potential consideration of £4.5m comprises the £2.75m initial net consideration, £0.5m contingent consideration and £1.28m cash payment in relation to cash at completion and working capital adjustments.

As a result of this accounting treatment, the value of net assets acquired (£2.8m) exceeds the accounting value of the consideration (£2.0m) and consequently a gain of £0.8m has been recognised within transaction costs in the year.

Overall, the business has performed in line with expectations in the post-acquisition period and the integration with our advisory team is progressing well.

CJM Asset Management

On 5 February 2018 the group acquired the entire issued share capital of Fyrebrand Limited which traded as CJM Asset Management ("CJM") for an initial net consideration of £0.25m (on a cash free, debt free basis), satisfied by £0.15m in cash and through the issue of 134,462 new ordinary shares of 5 pence each in the group.

Under the terms of the acquisition, additional contingent consideration of up to £0.25m will become payable subject to the achievement of financial targets for the consolidated machinery and business asset disposal business (representing the pre-existing Eddisons business merged with CJM) in the three-year period directly following completion. Any additional consideration is calculated according to an agreed formula and is payable in cash.

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 charged to the consolidated statement of comprehensive income over the period of the obligation.

As a result of this accounting treatment, 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 within transaction costs in the year.

The business has performed in line with expectations in the post-acquisition period and the team has been integrated with our existing business asset disposal team.

Other

On 5 October 2017 we acquired a portfolio of insolvency cases from the liquidators of Invocas Financial Limited for a total consideration of £40,000.

Cash flows

Cash generated by operations (before interest and tax payments) in the year was £9.1m (2017: £8.0m). Tax payments in the year were £1.0m (2017: £1.5m). Interest payments were £0.6m (2017: £0.9m).

Cash outflows from investing activities were £2.4m (2017: £3.2m). Capital expenditure was £0.5m (2017: £0.3m). Deferred payments relating to prior year acquisitions were £1.1m (2017: £1.1m). Acquisition payments (net of cash acquired of £2.0m) were £0.8m (2017: £1.8m).

Financing cash outflows were £8.3m (2017: £3.3m). During the year we reduced the level of drawn debt under our banking facilities by £6.0m (2017: £1.0m). Dividend payments were £2.4m (2017: £2.3m).

Financing

The group's borrowing facilities are unsecured, mature on 31 August 2021 and comprise a £25m committed revolving credit facility and a £5m uncommitted acquisition facility.

Net borrowings reduced to £7.5m at 30 April 2018 (2017: £10.3m), with gearing* of 13% (2017: 18%) 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 12.6 times (2017: 7.2 times).

** Calculated as net debt divided by net assets*

*** Calculated as operating profit before amortisation and transaction costs divided by interest costs*

Net assets

At 30 April 2018 net assets were £59.1m (2017: £58.1m).

Non-current assets increased to £62.3m (2017: £60.0m), due to intangible assets recognised on acquisitions and capital expenditure in the year, together with deemed remuneration relating to periods in excess of one year of £1.8m (2017: £nil) arising from acquisitions in the year.

Trade and other receivables were £30.8m (2017: £29.8m). This balance comprises trade debtors of £5.7m (2017: £5.4m), unbilled income of £21.7m (2017: £20.8m), other debtors and prepayments of £2.1m (2017: £2.9m), and deemed remuneration of £1.3m (2017: £0.7m).

Net borrowings reduced to £7.5m (2017: £10.3m).

Trade and other payables were £18.4m (2017: £13.9m). The balance comprises trade creditors of £1.4m (2017: £1.2m), accruals of £6.9m (2017: £4.5m), tax and social security creditors of £2.3m (2017: £2.4m), deferred income of £1.8m (2017: £2.0m), other creditors of £4.3m (2017: £3.1m), and deemed remuneration liabilities of £1.7m (2017: £0.7m) of which £0.6m (2017: £0.4m) is payable within one year.

Current tax liabilities were £1.5m (2017: £0.8m). Net deferred tax liabilities were £5.4m (2017: £5.4m).

Provisions for property costs and post-disposal obligations total £1.2m (2017: £1.2m) 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
10 July 2018

Nick Taylor
Group finance director
10 July 2018

Consolidated statement of comprehensive income

	2018 £'000	2017 £'000
Continuing operations		
Revenue	**52,441**	49,685
Direct costs	**(30,141)**	(28,130)
Gross profit	**22,300**	21,555
Other operating income	**400**	397
Administrative expenses	**(19,922)**	(20,309)
Operating profit before amortisation and transaction costs	**6,059**	5,627
Transaction costs	**(1,364)**	(1,545)
Amortisation of intangible assets arising on acquisitions	**(1,917)**	(2,439)
Operating profit	**2,778**	1,643
Finance costs	**(482)**	(1,001)
Profit before tax	**2,296**	642
Tax	**(872)**	(429)
Profit for the year from continuing operations	**1,424**	213
Discontinued operations		
Loss from the year from discontinued operations	—	(476)
Profit (loss) for the year	**1,424**	(263)
Other comprehensive income		
Exchange differences on translation of foreign operations	—	2
Total comprehensive income (loss) for the year	**1,424**	(261)
Earnings (loss) per share		
From continuing operations		
Basic and diluted	**1.3 pence**	0.2 pence
From continuing and discontinued operations		
Basic and diluted	**1.3 pence**	(0.2) 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	Capital redemption reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2016 as previously reported	5,611	23,042	17,584	—	(2)	13,995	60,230
Restatement	—	(923)	923		—	—	—
At 1 May 2016 restated	**5,611**	**22,119**	**18,507**		**(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 loss 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 restated	**5,640**	**22,335**	**18,507**	**—**	**—**	**11,618**	**58,100**
Profit for the year	—	—	—		—	1,424	1,424
Dividends	—	—	—		—	(2,356)	(2,356)
Credit to equity for equity-settled share-based payments	—	—	—		—	295	295
Own shares acquired in the period	(304)	—	—	304	—	(226)	(226)
Shares issued	172	454	1,741	—-	—	(455)	1,912
At 30 April 2018	**5,508**	**22,789**	**20,248**	**304**	**—**	**10,300**	**59,149**

Consolidated balance sheet

	2018 £'000	2017 £'000
Non-current assets		
Intangible assets	**59,061**	58,471
Property, plant and equipment	**1,512**	1,498
Trade and other receivables	**1,759**	—
	62,332	59,969
Current assets		
Trade and other receivables	**30,829**	29,761
Cash and cash equivalents	**3,518**	6,715
	34,347	36,476
Total assets	**96,679**	96,445
Current liabilities		
Trade and other payables	**(17,268)**	(13,585)
Current tax liabilities	**(1,548)**	(843)
Provisions	**(783)**	(755)
	(19,599)	(15,183)
Net current assets	**14,748**	21,293
Non-current liabilities		
Trade and other payables	**(1,093)**	(335)
Borrowings	**(11,000)**	(17,000)
Provisions	**(414)**	(418)
Deferred tax	**(5,424)**	(5,409)
	(17,931)	(23,162)
Total liabilities	**(37,530)**	(38,345)
Net assets	**59,149**	58,100
Equity		
Share capital	**5,508**	5,640
Share premium	**22,789**	22,335
Merger reserve	**20,248**	18,507
Capital redemption reserve	**304**	—
Retained earnings	**10,300**	11,618
Equity attributable to owners of the company	**59,149**	58,100

Consolidated cash flow statement

	2018 £'000	2017 £'000
Cash flows from operating activities		
Cash generated by operations	**9,065**	7,974
Income taxes paid	**(980)**	(1,462)
Interest paid	**(558)**	(919)
Net cash from operating activities	**7,527**	5,593
Investing activities		
Purchase of property, plant and equipment	**(394)**	(289)
Purchase of intangible fixed assets	**(77)**	(8)
Deferred consideration payments	**(1,132)**	(1,144)
Acquisition of businesses	**(803)**	(1,773)
Net cash from investing activities	**(2,406)**	(3,214)
Financing activities		
Dividends paid	**(2,356)**	(2,335)
Proceeds on issue of shares	**38**	37
Repayment of loans	**(6,000)**	(1,000)
Net cash from financing activities	**(8,318)**	(3,298)
Net decrease in cash and cash equivalents	**(3,197)**	(919)
Cash and cash equivalents at beginning of year	**6,715**	7,634
Cash and cash equivalents at end of year	**3,518**	6,715

1. Basis of preparation and accounting policies

The results for the year ended 30 April 2018 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 2017.

The group's financial statements for the year ended 30 April 2018 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 2017 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 2018 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 2018 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.

Adjusted performance measures

Management believes 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. Accordingly, adjusted measures of operating profit, profit before tax and earnings per share exclude, where applicable, transaction costs, amortisation of intangible assets arising on acquisitions, refinancing costs and related tax effects on these items.

The items excluded from adjusted results are those which arise due to acquisitions and are charged to the consolidated statement of comprehensive income in accordance with IFRS 3 or are one-off in nature. They are not influenced by the day to day operations of the group.

Reserves restatement

During the year the group reclassified the premium on shares issued as consideration for acquisitions from share premium to merger reserve. At 1 May 2016 the opening reserves adjustment between share premium and merger reserve was £923,000.

There is no impact on net assets, adjusted profit before tax, adjusted EPS or reported cashflows.

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

	Business recovery and financial advisory services 2018 £'000	**Property services 2018 £'000**	**Consolidated 2018 £'000**
Revenue			
Total revenue from rendering of professional services	**38,273**	**14,288**	**52,561**
Inter-segment revenue	—	**(120)**	**(120)**
External revenue	**38,273**	**14,168**	**52,441**
Segmental result	**7,563**	**3,132**	**10,695**
Shared and central costs			**(4,636)**
Operating profit before amortisation and transaction costs			**6,059**

	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

3. Discontinued operations

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

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

4. Finance costs

Continuing	**2018 £'000**	2017 £'000
Interest on loans	**482**	760
Unwinding of discount on deferred consideration liabilities	—	16
Interest costs	**482**	776
Refinancing costs	—	225
Total finance costs	**482**	1,001

5. Transaction costs

Continuing	**2018 £'000**	2017 £'000
Deemed remuneration	**1,678**	1,420
Acquisition costs	**117**	141
Gain on acquisition	**(1,189)**	(351)
Charge relating to the put and call option over Begbies Traynor (London) LLP	**758**	335
	1,364	1,545

6. Earnings per share

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

	2018 £'000	2017 £'000
Earnings		
Profit for the year from continuing operations attributable to equity holders	**1,424**	213
Loss from discontinued operations attributable to equity holders	**—**	(476)
Profit (loss) for the year attributable to equity holders	**1,424**	(263)

	2018 number	2017 number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**108,998,901**	107,246,497
Effect of dilutive potential ordinary shares:		
Share options	**1,264,656**	1,688,849
Contingent shares as consideration for capital transactions	**3,196,612**	1,642,313
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**113,460,169**	110,577,659

	2018 pence	2017 pence
Basic and diluted earnings (loss) per share from		
Continuing operations	**1.3**	0.2
Discontinued operations	**—**	(0.4)
Total	**1.3**	(0.2)

The following additional earnings per share figures are presented as the directors believe they provide a better understanding of the trading position of the group:

	2018 £'000	2017 £'000
Earnings from continuing operations		
Profit for the year attributable to equity holders	**1,424**	213
Amortisation of intangible assets arising on acquisitions	**1,917**	2,439
Transaction costs	**1,364**	1,545
Refinancing costs	**—**	225
Tax effect of above items	**(364)**	(875)
Adjusted earnings	**4,341**	3,547

	2018 pence	2017 pence
Adjusted basic earnings per share from continuing operations	**4.0**	3.3
Adjusted diluted earnings per share from continuing operations	**3.8**	3.2

7. Dividends

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the year		
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 1.6p (2016: 1.6p) per share	**1,716**	1,698
	2,356	2,335
Amounts proposed as distributions to equity holders		
Interim dividend for the year ended 30 April 2018 of 0.7p (2017: 0.6p) per share	**771**	640
Final dividend for the year ended 30 April 2018 of 1.7p (2017: 1.6p) per share	**1,872**	1,707
	2,643	2,347

The proposed final dividend is subject to approval by shareholders at the annual general meeting in September 2018. The interim dividend for 2018 was not paid until 10 May 2018 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

	2018 £'000	2017 £'000
Profit (loss) for the year	**1,424**	(263)
Adjustments for:		
Tax	**872**	311
Finance costs	**482**	1,001
Amortisation of intangible assets	**2,099**	2,613
Depreciation of property, plant and equipment	**488**	769
Deemed remuneration	**1, 678**	1,420
Charge relating to the put and call option over Begbies Traynor (London) LLP	**758**	335
Gain on acquisition	**(1,189)**	(351)
Loss on disposal of property, plant & equipment	—	13
Loss on disposal of discontinued operations	—	594
Share-based payment expense	**295**	431
Operating cash flows before movements in working capital	**6,907**	6,873
(Increase) decrease in receivables	**(458)**	3,179
Increase (decrease) in payables	**2,742**	(1,529)
Decrease in provisions	**(126)**	(549)
Cash generated by operations	**9,065**	7,974