8 December 2020

Begbies Traynor Group

Begbies Traynor Group plc

Half year results
for the six months ended 31 October 2020

"Strong first half performance and confidence in full year outlook"

Begbies Traynor Group plc (the 'company' or the 'group'), the business recovery, financial advisory and property services consultancy, today announces its half year results for the six months ended 31 October 2020.

Financial overview

	2020 £m	2019 £m
Revenue	37.5	33.8
Adjusted profit before tax* **	5.0	4.0
Profit before tax	0.5	1.9
Adjusted basic EPS* *** (p)	3.1	2.6
Basic EPS (p)	(0.3)	1.1
Interim dividend (p)	1.0	0.9
Net cash (debt)	0.7	(2.3)

** The board uses adjusted performance measures to provide meaningful information on the performance of the business. The items excluded from our adjusted results are those which arise due to acquisitions in accordance with IFRS 3. They are not influenced by the day-to-day operations of the group.*

*** Profit before tax of £0.5m (2019: £1.9m) plus amortisation of intangible assets arising on acquisitions of £1.5m (2019: £1.4m) plus transaction costs of £3.1m (2019: £0.7m).*

**** See reconciliation in note 5.*

Highlights
- Revenue growth of 11% (9% acquired) with first-time contribution from prior year acquisitions and robust organic performance, giving enhanced operating margins of 14.6% (2019: 13.2%)
- Strong adjusted profit growth of 25% with statutory profit before tax reflecting increased non-cash acquisition accounting charges
- All areas of the group performed well:
    - Business recovery and financial advisory: good returns from acquisitions and organic investment, including the recruitment of senior fee earners
    - Property advisory and transactional services: recovery in performance from service lines previously impacted by lockdown in the spring
- Increase of 11% in the interim dividend, building on the increases of the previous three years
- Maintained strong financial position with significant levels of headroom within our committed bank facilities enabling continued investment in organic and acquisition opportunities

COVID-19 impact and response
- Successfully absorbed both the downside impact of lockdown in the first few months of the financial year and a subdued insolvency market resulting from the Government's COVID-19 financial support measures
- Business recovery and financial advisory teams worked remotely, and continued to be appointed on and progress cases, realise assets and complete transactions as usual
- Majority of property advisory and transactional services teams worked remotely; spring lockdown paused certain activities temporarily
- No significant impact experienced, or change of response required, during November 2020 lockdown

Current trading and outlook
- Business recovery and financial advisory strongly positioned:
    - increased order book of committed future insolvency revenue
    - increase in market insolvency levels expected once short-term support measures for the economy are removed
- Property advisory and transactional services continue to recover:
    - anticipate will maintain current levels of performance in spite of the challenging environment
- Results for the full year expected to be at least in line with current market consensus*, which would represent a further year of growth
- A Q3 trading update will be issued in March 2021

** Market consensus for adjusted PBT of £9.8m (as compiled by the group)*

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

"I am pleased to report a strong financial performance in the period, maintaining our recent track record of growing revenue and adjusted earnings. Despite the challenges of lockdowns this year, and a subdued insolvency market, we expect our results for the full year will be at least in line with the current market consensus, which would represent a further year of growth.

"With the benefit of our strong financial position we continue to look for opportunities to develop and enhance the group, both organically and through selective acquisitions, and we remain confident in our outlook for the current and future years. We will provide an update on third quarter trading in early March 2021."

There will be a webcast and conference call for analysts today at 9:30am. Please contact Pandora Yadgaroff via begbies@mhpc.com or on 020 3128 8168 if you would like to receive details.

Enquiries please contact:

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Notes to editors

Begbies Traynor Group plc is a leading business recovery, financial advisory and property services consultancy, providing services nationally from a comprehensive network of UK locations. The group has 720 staff and partners and the professional staff include licensed insolvency practitioners, accountants, chartered surveyors and lawyers.

The group's services include:

- Corporate and personal insolvency - we handle the largest number of corporate insolvency appointments in the UK, principally serving the mid-market and smaller companies.
- Financial advisory - business and financial restructuring, debt advisory, forensic accounting and investigations, due diligence and transactional support.
- Corporate finance - buy and sell side support on corporate transactions.
- Valuations - valuation of property, businesses, machinery and business assets.
- Property consultancy, planning and management - building consultancy, commercial property management, specialist insurance and vacant property risk management, transport planning and design.
- Transactional services - sale of property, machinery and other business assets through physical and online auctions; business sales agency; commercial property agency focussed on northern and eastern England.

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

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report a strong financial performance in the period, maintaining our recent track record of growing revenue and adjusted earnings. This reflects the first-time contribution from prior year acquisitions, combined with organic growth, which was partially offset by the negative impact of the spring lockdown at the start of the financial year.

Our business recovery and financial advisory division has performed well, despite the subdued insolvency market resulting from the Government's COVID-19 financial support measures. We have increased our market share of new insolvency appointments, which together with an increase in average case size, has mitigated the weakness in the wider market. These developments, combined with the first-time contribution from prior year acquisitions, has enabled the division to record growth in revenue and profits on the comparative period.

Our property advisory and transactional services division has delivered a robust performance in the period, having absorbed the downside impact of the spring lockdown in the first few months of our financial year. The division has generated solid operating margins with a strong performance from our building consultancy business, which partially offset the downside from service lines which were impacted by the spring lockdown. I am pleased to report that these impacted service lines have all shown a good recovery in performance in recent months.

Overall, our teams continued to deliver excellent client service in a challenging environment, working remotely where possible. We have successfully absorbed both the downside impact of lockdown and the subdued insolvency market, and there has been no significant impact experienced, or change of response required, during the November 2020 lockdown. We have not made any claims under the Government's coronavirus support schemes.

We have a strong balance sheet with significant headroom in our committed bank facilities, providing resources for both organic and acquisitive investment. This financial strength, combined with our breadth of service lines and expertise, leaves the group well-placed to continue its recent track record of growth in revenue and profit.

RESULTS

Group revenue in the half year ended 31 October 2020 increased by 11% to £37.5m (2019: £33.8m). Adjusted* profit before tax** increased by 25% to £5.0m (2019: £4.0m). Statutory profit before tax was £0.5m (2019: £1.9m), reflecting an increase in transaction costs relating to prior year acquisitions to £3.1m (2019: £0.7m) and amortisation of £1.5m (2019: £1.4m).

Adjusted* basic earnings per share*** increased by 19% to 3.1p (2019: 2.6p). Basic (loss) earnings per share were (0.3)p (2019: 1.1p).

Net cash at 31 October 2020 was £0.7m (30 April 2020: net debt of £2.8m, 31 October 2019: £2.3m).

** The board uses adjusted performance measures to provide meaningful information on the performance of the business. The items excluded from our adjusted results are those which arise due to acquisitions in accordance with IFRS 3. They are not influenced by the day-to-day operations of the group.*

*** Profit before tax of £0.5m (2019: £1.9m) plus amortisation of intangible assets arising on acquisitions of £1.5m (2019: £1.4m) plus transaction costs of £3.1m (2019: £0.7m).*

**** See reconciliation in note 5.*

DIVIDEND

The board is pleased to declare an increased interim dividend of 1.0p (2019: 0.9p), an increase of 11%, which builds on the increases over the three previous years and reflects our confidence in sustaining our financial track record of earnings growth. We remain committed to a long-term progressive dividend policy which takes account of the market outlook, earnings growth and investment plans.

The interim dividend will be paid on 7 May 2021 to shareholders on the register as at 9 April 2021, with an ex-dividend date of 8 April 2021.

OUTLOOK

Following a strong financial performance in the first half of the year, the board expects results for the full year will be at least in line with the current market consensus, which would represent a further year of growth.

As we have previously reported, the Government's financial support measures have helped many companies to continue trading despite the extreme economic downturn caused by the pandemic, and these measures have resulted in a reduction in the number of UK insolvencies since March 2020. We expect that as the support measures are removed there will be a significant increase in corporate distress, which is likely to lead to increased insolvencies.

Our recovery and advisory teams are well positioned despite this current market weakness. We have an increased order book of committed future insolvency revenue, a strong market position and reputation, and an expectation of an increase in market insolvency levels once the short-term support measures for the economy are removed.

We are encouraged by the performance of our property advisory and transactional service lines in a challenging economic environment and the recovery of performance following the uncertainties and challenges of the spring lockdown. We anticipate the division will maintain current levels of performance in spite of the current challenging environment.

With the benefit of our strong financial position we continue to look for opportunities to develop and enhance the group, both organically and through selective acquisitions, and we remain confident in our outlook for the current and future years. We will provide an update on third quarter trading in early March 2021.

Ric Traynor
Executive chairman
8 December 2020

BUSINESS REVIEW

OPERATING REVIEW

Business recovery and financial advisory

Financial summary

Revenue in the period increased by 13% (9% acquired) to £26.1m (2019: £23.0m), reflecting the first-time contribution from prior year acquisitions and solid organic performance, which has mitigated the weakness in the wider market.

Operating costs increased by 8% to £19.5m (2019: £18.1m), principally due to costs associated with the acquired businesses.

Segmental profits* for the period were £6.6m (2019: £4.9m) with operating margins increasing to 25.1% (2019: 21.1%).

Operating review

The strong financial performance in the period reflects the returns from our strategy of developing the division through both acquisitions and organic investment, including the recruitment of senior fee earners. In the period, we acquired a portfolio of Scottish personal insolvency cases, including a team of five fee earners, from Grant Thornton. We continue to progress further opportunities to continue the growth and development of the division.

During the period, we have continued to strengthen our market presence, which has resulted in an increase in market share together with increased case size. As a result, our order book of committed future insolvency revenue has increased to £20.9m (Apr 2020: £19.0m, Apr 2019: £15.4m), giving confidence on future revenue levels.

Our advisory team has also had a good start to the financial year with corporate finance revenue broadly in line with the comparative period.

Insolvency market

The Government's financial support measures have had a significant short-term impact on insolvency volumes nationally. The number of corporate insolvencies decreased by 30% in the six months ended 30 September 2020** to 5,119 (2019: 7,305). However, in this challenging environment we have increased our market share and continue to take the largest number of corporate insolvency appointments in the UK.

** See note 2*

***Source: The Insolvency Service quarterly statistics on the number of corporate insolvencies (excluding compulsory liquidations) in England and Wales for Q2 and Q3 on a seasonally adjusted basis.*

Property advisory and transactional services

Financial summary

Revenue in the period increased by 6% (10% acquired offset by 4% organic reduction) to £11.3m (2019: £10.7m), reflecting the first-time contribution from the prior year acquisition. The adverse impact of lockdown on trading at the start of the financial year was partially mitigated by returns from our organic growth initiatives.

Operating costs increased to £9.7m (2019: £8.6m), principally due to costs associated with the acquired business.

Segmental profits* were £1.6m (2019: £2.1m), with operating margins of 13.7% (2019: 19.9%) reduced by the adverse conditions at the start of the financial year, the net profit impact of which was £1.1m.

Operating review

Our building consultancy services showed strong growth in the period, notably in the education sector. As previously announced, we secured a significant increase in funding for our clients from the Department of Education and have managed capital projects totalling £28m in the period, an increase of 50% from the prior year. Project management and consultancy fees from these projects in the period increased to £2.1m (2019: £1.0m).

This organic growth has mitigated the impact of the spring lockdown on our business sales agency, commercial property agency and valuations, and property auctions businesses. Having experienced a significant reduction in activity in late March and April (at the end of the previous financial year), we have seen activity levels and volumes show a good recovery over the course of this six-month period. We have continued to run on-line property auctions throughout the period and have seen an encouraging recovery in lot numbers, albeit still lower than typical pre-lockdown levels achieved through in-room auctions.

Our property management, consultancy and insolvency-focussed teams have all traded well and broadly in line with the comparative period.

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

** See note 2*

FINANCE REVIEW

Financial summary

	2020 £'000	2019 £'000
Revenue	**37,493**	33,779
Operating profit (before transaction costs and amortisation)	**5,468**	4,460
Finance costs	**(439)**	(456)
Adjusted profit before tax	**5,029**	4,004
Transaction costs	**(3,099)**	(699)
Amortisation of intangible assets arising on acquisitions	**(1,479)**	(1,425)
Profit before tax	**451**	1,880
Tax	**(775)**	(610)
(Loss) profit for the period	**(324)**	1270

Operating result (before transaction costs and amortisation)

Revenue in the period increased by £3.7m to £37.5m (2019: £33.8m), an overall increase of 11% (9% acquired). Organic growth was partially offset by the adverse impact of lockdown at the start of the financial year.

	Revenue (£'000)			Profit (£'000)		
	2020	2019	*growth*	**2020**	2019	*growth*
Business recovery and financial advisory	**26,146**	23,043	*13%*	**6,571**	4,864	*35%*
Property advisory and transactional services	**11,347**	10,736	*6%*	**1,554**	2,137	*(27)%*
Shared and central costs	**-**	-	-	**(2,657)**	(2,541)	*5%*
Total	**37,493**	33,779	*11%*	**5,468**	4,460	*23%*

Operating margins increased in the period to 14.6% (2019: 13.2%), principally due to profit growth and margin enhancement in business recovery and financial advisory, together with shared and central costs reducing as a percentage of group revenue to 7.1% (2019: 7.5%). These margin enhancements were partially offset by property advisory and transactional services as detailed in the operating review.

Adjusted profit before tax increased by 25% to £5.0m (2019: £4.0m) in the period as a result of the increased operating profit, with finance costs broadly in line with the prior period.

Transaction costs

Transaction costs (as detailed in note 3) increased by £2.4m to £3.1m (2019: £0.7m). This reflects an increase in deemed remuneration charges of £0.9m resulting from prior year acquisitions. The comparative period included an exceptional net gain of £1.5m resulting from an accounting gain on acquisitions of £1.9m net of acquisition costs of £0.4m.

Tax

The overall tax charge for the period was £0.8m (2019: £0.6m) as detailed below:

	2020				2019			
	Profit before tax £'000	**Tax £'000**	**Profit after tax £'000**	***Effective rate***	Profit before tax £'000	Tax £'000	Profit after tax £'000	*Effective rate*
Adjusted	**5,029**	**(1,056)**	**3,973**	***21%***	4,004	(881)	3,123	*22%*
Transaction costs	**(3,099)**	**-**	**(3,099)**	**-**	(699)	-	(699)	-
Amortisation	**(1,479)**	**281**	**(1,198)**	***19%***	(1,425)	271	(1,154)	*19%*
Statutory	**451**	**(775)**	**(324)**	***172%***	1,880	(610)	1,270	*32%*

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

Earnings per share

Adjusted basic earnings per share* increased by 19% to 3.1p (2019: 2.6p). Basic loss per share of 0.3p (2019: earnings per share of 1.1p), reflects the increased transaction costs noted above.

** See reconciliation in note 5*

Partners and employees

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

	2020				2019			
	Business recovery and financial advisory	**Property advisory and transactional services**	**Shared and support teams**	**Total**	Business recovery and financial advisory	Property advisory and transactional services	Shared and support teams	Total
Partners	**63**	**-**	**-**	**63**	57	-	-	57
Staff	**254**	**230**	**-**	**484**	219	226	-	445
Fee earners	**317**	**230**	**-**	**547**	276	226	-	502
Support teams	**39**	**5**	**65**	**109**	42	6	59	107
Total	**356**	**235**	**65**	**656**	318	232	59	609

The ratio of our support teams to fee earning partners and staff improved to 5.0 (2019: 4.7), reflecting the increased efficiency of our operations as the group continues to grow, which has been reflected in the improved operating margins in the period.

Financing

The group has maintained its strong financial position with net cash at 31 October 2020 of £0.7m (30 April 2020: net debt of £2.8m, 31 October 2019: net debt of £2.3m). We have significant levels of headroom within our bank facilities which are committed until August 2023 and comprise a £25m unsecured, committed revolving credit facility and a £5m uncommitted acquisition facility. During the period, all bank covenants were comfortably met.

Free cash flow of £6.0m (2019: £3.1m) is represented by free cash flow before working capital of £4.1m (2019: £2.8m), the improvement resulting from increased profitability; together with a working capital inflow of £1.9m (2019: £0.3m), resulting from £2.7m of deferred VAT payments partially offset by working capital absorption of £0.8m.

Cash flow in the period is summarised as follows:

	2020 £'000	2019 £'000
Net cash from operating activities (before deemed remuneration)	**7,453**	4,616
Capital expenditure	**(309)**	(355)
Capital element of lease payments	**(1,166)**	(1,154)
Free cash flow	**5,978**	3,107
Net proceeds from share issues	**-**	7,817
Acquisition payments	**(350)**	(1,881)
Deferred consideration payments	**(1,054)**	(4,390)
Dividends	**(1,149)**	(914)
Reduction in net debt	**3,425**	3,739

Net assets

Net assets at 31 October 2020 were £62.0m, compared to £65.6m at 30 April 2020. The movement represents an increase of £4.0m from post-tax adjusted earnings and £0.3m from the issue of new shares; offset by dividends of £3.6m and the post-tax impact of acquisition-related transaction and amortisation costs of £4.3m.

Ric Traynor
Executive chairman
8 December 2020

Nick Taylor
Group finance director
8 December 2020

Consolidated statement of comprehensive income

	Note	**Six months ended 31 October 2020 (unaudited) £'000**	Six months ended 31 October 2019 (unaudited) £'000	Year ended 30 April 2020 (audited) £'000
Revenue	2	**37,493**	33,779	70,503
Direct costs		**(21,876)**	(19,435)	(40,317)
Gross profit		**15,617**	14,344	30,186
Other operating income		**114**	210	363
Administrative expenses		**(14,841)**	(12,218)	(26,697)
Operating profit before amortisation and transaction costs	2	**5,468**	4,460	10,119
Transaction costs	3	**(3,099)**	(699)	(3,163)
Amortisation of intangible assets arising on acquisitions		**(1,479)**	(1,425)	(3,104)
Operating profit		**890**	2,336	3,852
Finance costs	4	**(439)**	(456)	(968)
Profit before tax		**451**	1,880	2,884
Tax		**(775)**	(610)	(1,953)
Profit and total comprehensive income for the period		**(324)**	1,270	931
Earnings per share				
Basic	5	**(0.3)p**	1.1p	0.7p
Diluted	5	**(0.2)p**	1.0p	0.7p

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

Consolidated statement of changes in equity

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

For the six months ended 31 October 2019 (unaudited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 May 2019	5,719	22,193	22,189	304	7,651	**58,056**
Total comprehensive income for the period	—	—	—	—	1,270	**1,270**
Dividends	—	—	—	—	(3,185)	**(3,185)**
Credit to equity for equity-settled share-based payments	—	—	—	—	27	**27**
Shares issued as consideration for acquisitions	73	—	1,177	—	—	**1,250**
Shares issued as deferred consideration	38	—	561	—	—	**599**
Placing shares issued	552	7,266	—	—	—	**7,818**
Other share options	1	—	—	—	(1)	—
At 31 October 2019	**6,383**	**29,459**	**23,927**	**304**	**5,762**	**65,835**

For the year ended 30 April 2020 (audited)	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 May 2019	5,719	22,193	22,189	304	7,651	**58,056**
Total comprehensive income for the period	—	—	—	—	931	**931**
Dividends	—	—	—	—	(3,185)	**(3,185)**
Credit to equity for equity-settled share-based payments	—	—	—	—	102	**102**
Shares issued as consideration for acquisitions	73	—	1,177	—	—	**1,250**
Shares issued as deferred consideration	38	—	561	—	—	**599**
Placing shares issued	552	7,266	—	—	—	**7,818**
Other share options	4	—	—	—	(4)	—
At 30 April 2020	**6,386**	**29,459**	**23,927**	**304**	**5,495**	**65,571**

Consolidated balance sheet

	Note	**31 October 2020 (unaudited) £'000**	31 October 2019 (unaudited) £'000	30 April 2020 (audited) £'000
Non-current assets				
Intangible assets		**58,289**	61,409	59,437
Property, plant and equipment		**1,715**	1,784	1,800
Right of use assets		**6,624**	7,164	7,021
Trade and other receivables	7	**4,016**	5,589	4,586
		70,644	75,946	72,844
Current assets				
Trade and other receivables	7	**37,742**	36,085	36,460
Cash and cash equivalents		**7,672**	5,748	7,247
		45,414	41,833	43,707
Total assets		**116,058**	117,779	116,551
Current liabilities				
Trade and other payables	8	**(29,258)**	(25,656)	(22,223)
Current tax liabilities		**(1,558)**	(2,399)	(1,878)
Lease liabilities		**(2,224)**	(2,103)	(2,232)
Provisions		**(1,079)**	(367)	(883)
		(34,119)	(30,525)	(27,216)
Net current assets		**11,295**	11,308	16,491
Non-current liabilities				
Borrowings		**(7,000)**	(8,000)	(10,000)
Lease liabilities		**(5,661)**	(6,059)	(6,137)
Provisions		**(1,594)**	(2,152)	(1,935)
Deferred tax		**(5,729)**	(5,208)	(5,692)
		(19,984)	(21,419)	(23,764)
Total liabilities		**(54,103)**	(51,944)	(50,980)
Net assets		**61,955**	65,835	65,571
Equity				
Share capital		**6,387**	6,383	6,386
Share premium		**9,459**	29,459	29,459
Merger reserve		**23,927**	23,927	23,927
Capital redemption reserve		**304**	304	304
Retained earnings		**21,878**	5,762	5,495
Equity attributable to owners of the company		**61,955**	65,835	65,571

Consolidated cash flow statement

	Note	**Six months ended 31 October 2020 (unaudited) £'000**	Six months ended 31 October 2019 (unaudited) £'000	Year ended 30 April 2020 (audited) £'000
Cash flows from operating activities				
Cash generated by operations	9	**8,108**	(857)	4,734
Income taxes paid		**(1,127)**	(695)	(2,186)
Interest paid on borrowings		**(184)**	(181)	(436)
Interest paid on lease liabilities		**(248)**	(251)	(454)
Net cash from operating activities (before deemed remuneration payments)		**7,453**	4,616	10,428
Deemed remuneration payments		**(904)**	(6,600)	(8,770)
Net cash from operating activities		**6,549**	(1,984)	1,658
Investing activities				
Purchase of property, plant and equipment		**(282)**	(329)	(686)
Purchase of intangible fixed assets		**(27)**	(26)	(103)
Deferred consideration payments in the period		**(150)**	(381)	(720)
Acquisition of businesses		**(350)**	(2,650)	(2,970)
Cash from acquired businesses		—	3,360	3,360
Net cash from investing activities		**(809)**	(26)	(1,119)
Financing activities				
Dividends paid		**(1,149)**	(914)	(3,185)
Net proceeds on issue of shares		—	7,817	7,818
Repayment of obligations under leases		**(1,166)**	(1,154)	(1,934)
Repayment of loans		**(3,000)**	(2,000)	—
Net cash from financing activities		**(5,315)**	3,749	2,699
Net increase in cash and cash equivalents		**425**	1,739	3,238
Cash and cash equivalents at beginning of period		**7,247**	4,009	4,009
Cash and cash equivalents at end of period		**7,672**	5,748	7,247

1. Basis of preparation and accounting policies

(a) Basis of preparation

The half year condensed consolidated financial statements do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the group's annual financial statements as at 30 April 2020, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated half year financial information does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 30 April 2020 were approved by the board of directors on 20 July 2020 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The directors have reviewed the financial resources available to the group and have concluded that the group is a going concern. This conclusion is based upon, amongst other matters, a review of the group's financial projections for a period of twelve months following the date of this announcement, together with a review of the cash and committed borrowing facilities available to the group. Accordingly, the going concern basis has been used in preparing these half year condensed consolidated financial statements.

The condensed consolidated financial statements for the six months ended 31 October 2020 have not been audited nor subject to an interim review by the auditors. IAS 34 'Interim financial reporting' is not applicable to these half year condensed consolidated financial statements and has therefore not been applied.

(b) Significant accounting policies

The accounting policies adopted in preparation of the half year condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 30 April 2020.

c) Restatement of prior period reported balance sheet and cashflow statement

As disclosed in the April 2020 financial statements, the group restated certain opening balances due to:

- amendments to provisional accounting estimates under IFRS 3;
- reserves reclassification to reclassify premium on shares issued in relation to employee share schemes from share premium to retained earnings
- finalisation of IFRS16 adoption
- reclassification of deemed remuneration payments from investing cashflows to operating cashflows

The impact of those on the balance sheet and cashflow statement at October 2019 is in the tables below. There was no impact on reported profit for the period.

Consolidated balance sheet

	As reported 31 October 2019 £'000	IFRS16 £'000	Adjustment to provisional estimates on acquisitions £'000	Reserves reclassification £'000	Restated 31 October 2019 £'000
Non-current assets					
Intangible assets	61,409	—	—	—	61,409
Property, plant and equipment	1,784	—	—	—	1,784
Right of use assets	7,043	121	—	—	7,164
Trade and other receivables	5,589	—	—	—	5,589
	75,825	121	—	—	75,946
Current assets					
Trade and other receivables	36,051	16	18	—	36,085
Cash and cash equivalents	5,748	—	—	—	5,748
	41,799	16	18	—	41,833
Total assets	117,624	137	18	—	117,779
Current liabilities					
Trade and other payables	(25,519)	—	(137)	—	(25,656)
Current tax liabilities	(2,399)	—	—	—	(2,399)
Lease liabilities	(1,876)	(227)	—	—	(2,103)
Provisions	(361)	(6)	—	—	(367)
	(30,155)	(233)	(137)	—	(30,525)
Net current assets	11,644	(217)	(119)	—	11,308
Non-current liabilities				—	
Borrowings	(8,000)	—	—	—	(8,000)
Lease liabilities	(6,059)	—	—	—	(6,059)
Provisions	(2,152)	—	—	—	(2,152)
Deferred tax	(5,169)	(39)	—	—	(5,208)
	(21,380)	(39)	—	—	(21,419)
Total liabilities	(51,535)	(272)	(137)	—	(51,944)
Net assets	66,089	(135)	(119)	—	65,835
Equity					
Share capital	6,383	—	—	—	6,383
Share premium	30,468	—	—	(1,009)	29,459
Merger reserve	23,927	—	—	—	23,927
Capital redemption reserve	304	—	—	—	304
Retained earnings	5,007	(135)	(119)	1,009	5,762
Equity attributable to owners of the company	66,089	(135)	(119)	—	65,835

Consolidated cashflow statement

	As reported 31 October 2019 £'000	Reclassification of deemed remuneration payments £'000	Restated 31 October 2019 £'000
Net cash from operating activities	4,616	(6,600)	(1,984)
Net cash used in investing activities	(6,626)	6,600	(26)
Net cash generated from (used in) financing activities	3,749	—	3,749
	1,739	—	1,739

2. Segmental analysis by class of business

	Six months ended 31 October 2020 (unaudited) £'000	Six months ended 31 October 2019 (unaudited) £'000	Year ended 30 April 2020 (audited) £'000
Revenue			
Business recovery and financial advisory	**26,146**	23,043	49,630
Property advisory and transactional services	**11,347**	10,736	20,873
	37,493	33,779	70,503
Operating profit before amortisation and transaction costs			
Business recovery and financial advisory	**6,571**	4,864	11,588
Property advisory and transactional services	**1,554**	2,137	3,860
Shared and central costs	**(2,657)**	(2,541)	(5,329)
	5,468	4,460	10,119

3. Transaction costs

	Six months ended 31 October 2020 (unaudited) £'000	Six months ended 31 October 2019 (unaudited) £'000	Year ended 30 April 2020 (audited) £'000
Deemed remuneration	**2,614**	1,737	3,908
Acquisition costs	**41**	445	583
Gain on acquisition	**(1)**	(1,928)	(2,217)
Charge relating to the put and call option over Begbies Traynor (London) LLP	**445**	445	889
	3,099	699	3,163

4. Finance costs

	Six months ended 31 October 2020 (unaudited) £'000	Six months ended 31 October 2019 (unaudited) £'000	Year ended 30 April 2020 (audited) £'000
Interest on bank loans	**191**	205	454
Finance charge on lease liabilities	**217**	221	454
Finance charge on dilapidations provisions	**31**	30	60
	439	456	968

5. Earnings per share

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

	Six months ended 31 October 2020 (unaudited)	Six months ended 31 October 2019 (unaudited)	Year ended 30 April 2020 (audited)
	£'000	£'000	£'000
Earnings			
Profit for the period attributable to equity holders	**(324)**	1,270	931

	31 October 2020 (unaudited)	31 October 2019 (unaudited)	30 April 2020 (audited)
	number	number	number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**129,374,349**	120,124,194	125,651,665
Effect of dilutive potential ordinary shares:			
Share options	**4,437,501**	2,006,906	1,477,160
Contingent shares	**157,895**	338,983	144,231
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**133,969,745**	122,470,083	127,273,056

	Six months ended 31 October 2020 (unaudited)	Six months ended 31 October 2019 (unaudited)	Year ended 30 April 2020 (audited)
	pence	pence	pence
Basic earnings per share	**(0.3)**	1.1	0.7
Diluted earnings per share	**(0.2)**	1.0	0.7

The following additional earnings per share figures are presented as the directors believe they provide a better understanding of the trading position of the group, as they exclude the accounting charges which arise due to acquisitions in accordance with IFRS 3 and are not influenced by the day-to-day operations of the group.

	Six months ended 31 October 2020 (unaudited)	Six months ended 31 October 2019 (unaudited)	Year ended 30 April 2020 (audited)
	£'000	£'000	£'000
Earnings			
Profit for the period attributable to equity holders	**(324)**	1,270	931
Amortisation of intangible assets arising on acquisitions	**1,479**	1,425	3.104
Transaction costs	**3,099**	699	3,163
Impact of change in tax rate on deferred tax liabilities	**—**	—	615
Tax effect of above items	**(282)**	(271)	(590)
Adjusted earnings	**3,972**	3,123	7,223

	Six months ended 31 October 2020 (unaudited)	Six months ended 31 October 2019 (unaudited)	Year ended 30 April 2020 (audited)
	pence	pence	pence
Adjusted basic earnings per share	**3.1**	2.6	5.7
Adjusted diluted earnings per share	**3.0**	2.6	5.7

6. Dividends

The interim dividend of 1.0p (2019: 0.9p) per share (not recognised as a liability at 31 October 2020) will be payable on 7 May 2021 to ordinary shareholders on the register at 9 April 2021. The final dividend of 1.9p per share as proposed in the 30 April 2020 financial statements and approved at the group's AGM was paid on 5 November 2020 and was recognised as a liability at 31 October 2020.

7. Trade and other receivables

	31 October 2020 (unaudited) £'000	31 October 2019 (unaudited) £'000	30 April 2020 (audited) £'000
Non current			
Deemed remuneration	**4,016**	5,589	4,586
Current			
Trade receivables	**8,030**	7,158	6,879
Less: impairment provision	**(1,573)**	(1,420)	(1,392)
Trade receivables – net	**6,457**	5,738	5,487
Unbilled income	**24,783**	23,910	24,492
Other debtors and prepayments	**3,051**	2,560	1,987
Deemed remuneration	**3,451**	3,877	4,494
	37,742	36,085	36,460

8. Trade and other payables

	31 October 2020 (unaudited) £'000	31 October 2019 (unaudited) £'000	30 April 2020 (audited) £'000
Current			
Trade payables	**931**	1,391	1,176
Accruals	**7,593**	6,109	7,055
Final dividend	**2,430**	2,271	—
Other taxes and social security	**5,981**	2,620	3,687
Deferred income	**4,250**	4,494	4,168
Other creditors	**7,271**	6,370	5,853
Deferred consideration	**125**	1,427	150
Deemed remuneration liabilities	**677**	974	134
	29,258	25,656	22,223

9. Reconciliation to the cash flow statement

	31 October 2020 (unaudited) £'000	31 October 2019 (unaudited) £'000	30 April 2020 (audited) £'000
Profit for the period	**(324)**	1,270	931
Adjustments for:			
Tax	**775**	610	1,953
Finance costs	**439**	456	968
Amortisation of intangible assets	**1,540**	1,541	3,315
Depreciation of property, plant and equipment	**366**	333	718
Depreciation of right of use assets	**1,079**	1,005	2,137
Gain on acquisition	**(1)**	(1,928)	(2,217)
Loss on disposal of fixed assets	**—**	12	31
Share-based payment expense	**287**	27	102
Increase (decrease) in deemed remuneration receivable	**1,613**	(3,767)	(1,782)
Increase (decrease) in deemed remuneration liabilities	**543**	(651)	(2,191)
Operating cash flows before movements in working capital	**6,317**	(1,092)	3,965
Increase in receivables	**(1,944)**	(726)	(1,177)
Increase in payables	**3,880**	1,070	1,813
(Decrease) increase in provisions	**(145)**	(109)	133
Cash generated by operations	**8,108**	(857)	4,734