2016

Begbies Traynor Group plc

Begbies Traynor Group plc Annual Report and Accounts 2016

Begbies Traynor Group is a leading UK business recovery and property services consultancy.

Our aim is to add value and optimise financial outcomes for our clients and business stakeholders.

Read more about our strategy **on page 06**

22 UK-based banks who provided us with insolvency, restructuring and valuation appointments during the year

National network of offices

Begbies Traynor is the UK's leading independent business recovery practice, handling the largest number of corporate appointments

547 staff and partners across the group at 30 April 2016

Highlights of the year

Financial highlights[1]

	2016 £m	2015 £m
Revenue	**50.1**	45.4
Adjusted profit before tax[2]	**4.5**	3.6
Profit (loss) before tax	**0.6**	(0.7)
Adjusted basic EPS[3] (p)	**3.2**	2.9
Basic EPS (p)	**0.3**	(0.6)
Proposed total dividend (p)	**2.2**	2.2
Net debt	**10.4**	12.8

Operational overview

Insolvency and restructuring:

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

Property services:

- First full year of ownership of Eddisons (acquired in December 2014)
- Synergy savings exceeded original pre-acquisition target
- Improved operating margins to 19.4% for the year from 15.3%[4]
- Successful integration and initial contribution from Taylors valuation practice (acquired in November 2015)
- Post-year end, acquired Pugh & Co, the largest firm of commercial property auctioneers outside London

1 All figures stated from continuing operations

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

3 See reconciliation in note 11

4 Pro-forma prior year margins, including pre-acquisition period

Website

For more on who we are and what we do:
www.begbies-traynorgroup.com

Our business

Begbies Traynor Group plc is a business recovery and property services consultancy, providing services nationally from a comprehensive network of UK locations through two complementary operating divisions: **Begbies Traynor** and **Eddisons**.

We are accredited by all major banks for business recovery services and property valuation advice, and we provide a highly experienced, partner-led service to clients.

BEGBIES TRAYNOR
Business recovery

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

EDDISONS
Property services

Eddisons is a national firm of chartered surveyors, delivering transactional and advisory services to owners and occupiers of commercial property, investors and financial institutions.

Insolvency – Corporate and Personal

Corporate – Procedures aim to either rescue the business (where feasible) or realise the value of assets and distribute any available funds to creditors.

Personal – Provides advice to debtors and creditors on all aspects of personal insolvency.

- Administration
- Liquidation
- Receiverships
- Creditors' voluntary arrangements
- Bankruptcy and individual voluntary arrangements (England and Wales)
- Trust deeds and sequestrations (Scotland)

Restructuring and Financial Consulting

Consulting services to businesses, professional advisors and financial institutions on debt refinancing, business valuations, corporate finance and business reviews, together with conduct of financial investigations and due diligence.

- Business reviews
- Lender and creditor negotiation
- Corporate finance
- Valuation
- Debt advisory
- Forensic investigations
- Investigation due diligence

Transactional services

- Commercial property agents
- Property auctioneers
- Machinery and business asset auctioneers

Advisory services

- Property and business valuations
- Property receiverships
- Property management
- Building and project consultancy
- Property insurance and risk management
- Rating appeals

Chairman's statement

"A year of solid progress, with growth in both revenue and profits."

Introduction

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

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

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

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

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

The group has improved its financial position, with a further reduction in net debt to £10.4 million (2015: £12.8 million), after making acquisition and deferred consideration payments in the year of £1.6 million.

The headroom in the group's banking facilities provides the ability to make further investments to develop our two service lines.

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

Results

Group revenue from continuing operations in the year ended 30 April 2016 increased by 10% to £50.1 million (2015: £45.4 million). Adjusted profit before tax[1] increased by 25% to £4.5 million (2015: £3.6 million). Acquisition-related costs were £1.1 million (2015: credit £0.2 million). Exceptional costs were £nil (2015: £3.1 million). Profit before tax was £0.6 million (2015: loss before tax £0.7 million). Statutory profit for the year was £0.3 million (2015: loss of £1.6 million, including loss from discontinued operations).

Earnings per share from continuing operations[2], adjusted for the net of tax impact of amortisation of intangible assets arising on acquisitions, acquisition-related and exceptional costs, were 3.2 pence (2015: 2.9 pence). Basic and fully diluted earnings per share from continuing operations were 0.3 pence (2015: loss per share 0.6 pence).

Net debt reduced by £2.4 million to £10.4 million at 30 April 2016 (2015: £12.8 million), after making acquisition and deferred consideration payments in the year of £1.6 million. Gearing reduced to 17% (2015: 21%) and the group retains significant headroom in its committed banking facilities. Interest cover[3] was 5.4 times (2015: 4.4 times).

Dividend

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

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

People

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

Outlook

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

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

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

Ric Traynor
Executive chairman
12 July 2016

Insolvency market

14,370 **-9%**

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

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

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

[2] See reconciliation in note 11

[3] Before acquisition-related and exceptional costs and amortisation of intangible assets arising on acquisitions

Our strategy

To develop the group's two operating divisions, both organically and through acquisitions, whilst retaining the focus on its core counter-cyclical marketplace.

Objectives	Developments in the year
↘ To invest in our property services division, to increase both the scope of its service offering and geographical coverage, to achieve greater market penetration.	↘ On 30 November 2015, we acquired the Taylors valuation practice. Taylors was established in 1992 and specialises in providing commercial business and property valuations for secured lending purposes on a nationwide-basis, on behalf of a wide range of financial institutions, including all of the major high street banks. The 20-strong team, including management, has been integrated with our existing valuations team, adding further depth to our valuations capability and strengthening our combined offering to lenders. The business has performed in line with expectations subsequent to the acquisition. ↘ On 2 June 2016, subsequent to the year end, we acquired Pugh & Co, the largest firm of commercial property auctioneers operating outside of London. Pugh holds regular auctions in Leeds and Manchester, which complement our Eddisons auction business, which also operates across the north of England. The 25-strong Pugh & Co team, including management, is being integrated with the Eddisons team, as a result of which it will become the third-largest firm of commercial property auctioneers nationally (based on the total value raised from commercial property auctions in 2015. Source: Estates Gazette January 2016.).
↘ To enhance our market-leading business recovery practice, ensuring this division is well placed to benefit from opportunities in its counter-cyclical marketplace.	↘ On 30 September 2015, we acquired the trade and certain assets of the Sheffield-based P&A insolvency practice out of administration. The integration and restructuring of the practice is ongoing. Following this transaction Begbies Traynor is now the largest appointment taker in Yorkshire.

Key performance indicators (KPIs)

The Board uses the following KPIs to manage the performance of the business:

REVENUE £m

£50.1m

+10%

2016	50.1
2015	45.4

EBITA £m

£5.5m

+17%

2016	5.5
2015	4.7

ADJUSTED EPS p

3.2p

+10%

2016	3.2
2015	2.9

Operating review

Insolvency and restructuring

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

Segmental profits[1] in the year decreased to £7.5 million (2015: £8.5 million) as a result of a reduction in revenue to £37.7 million (2015: £40.9 million).

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

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

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

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

We will continue to develop this division through a combination of senior recruitment, selective acquisitions and staff development, with the intention of progressively increasing our market share.

Further development over the medium term may come from winning higher value, more complex instructions from existing clients and prospects, by demonstrating our capabilities and credentials.

Property services

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

The business was acquired on 17 December 2014 and therefore the year ended 30 April 2016 represents its first full year contribution to the group's results. Revenue was £12.4 million, with segmental profits[1] up 26% to £2.4 million compared to the pro-forma prior year results (adjusted to include the pre-acquisition Eddisons results) of £12.4 million and £1.9 million respectively. Operating margins increased to 19.4% from 15.3% (on a pro-forma basis).

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

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

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

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

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

Partners and employees

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

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

[1] See note 4

Finance review

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

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

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

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

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

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

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

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

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

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

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

Earnings per share ('EPS')
EPS[1], adjusted for the net of tax impact of amortisation of intangible assets arising on acquisitions and acquisition-related and exceptional costs, were 3.2 pence (2015: 2.9 pence).

Basic and diluted earnings per share were 0.3 pence (2015: loss per share 0.6 pence).

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

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

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

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

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

Financial summary

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

The P&A Partnership Limited

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

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

Cash flows

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

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

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

Financing

Net borrowings reduced by £2.4 million to £10.4 million at 30 April 2016 (2015: £12.8 million), with a reduction in gearing to 17% (2015: 21%) and significant headroom within the committed banking facilities of £30 million. During the year, all bank covenants were comfortably met and the group remains in a strong financial position. Interest cover[2] was 5.4 times (2015: 4.4 times).

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

Net assets

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

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

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

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

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

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

Provisions for property costs, restructuring costs and post-disposal obligations total £1.7 million (2015: £2.3 million) of which £0.7 million 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.

1 See reconciliation in note 11

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

Principal risks and uncertainties

The operations of the group and the implementation of the group's strategy involve a number of risks and uncertainties, the principal of which are described in the table below.

Controls to reduce risk are designed to manage rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk	Mitigating activities
Marketplace	
The group's markets are susceptible to macroeconomic movements, such as interest rates, GDP changes and indebtedness levels. The group operates in a highly competitive market and is reliant on the flow of new assignments.	This risk is managed through a consistent effort in marketing and selling activity and maintaining strong relationships with key work providers, including banks and other financial and professional intermediaries.
Operational gearing	
The business is operationally geared with a high proportion of salary and property costs, which cannot be immediately varied. Consequently, the group's profitability is liable to short-term fluctuations dependent on activity levels.	This risk is managed through flexing our resource levels, where possible, to align with current and anticipated levels of activity, together with the control of other discretionary items of expenditure. A prudent level of spare capacity is retained to facilitate peaks in activity.
Reliance on key personnel	
The business is dependent upon the professional development, recruitment and retention of high quality professional partners and staff.	The group manages the risk of high staff turnover through attention to human resource issues and the monitoring of remuneration levels against the wider market, including long-term incentive arrangements.
Legal and regulation	
The group operates in regulated markets. Failure to comply with, or changes in, regulation or legislation may have an adverse impact on the activities of the business.	To ensure compliance with relevant legislation in performing regulated activities, the group has a dedicated compliance function which maintains procedures and policies in line with current legislation.
In the ordinary course of business, certain aspects of the group's services are opinion-based and may be subject to challenge.	Where appropriate, the group will seek third-party professional corroboration. In addition, the group has appropriate professional indemnity insurance.
Liquidity risk	
The group's ability to generate cash from its engagements is usually reliant on asset realisations. A deterioration in realisations in the short term could reduce the group's operating cash generation and increase its financing requirements.	The group monitors its risk of a shortage in funds through regular cash management and forecasting and ensuring suitable headroom within its banking facilities. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of its committed banking facilities, together with bank overdrafts and loans, finance leases and hire purchase contracts.

Going concern

Given the guidance issued by the Financial Reporting Council ('FRC'), disclosures are presented in note 2 to the financial statements around the basis on which the directors have continued to adopt the going concern basis in preparing these financial statements.

Ric Traynor
Executive chairman
12 July 2016

Nick Taylor
Group finance director

Board of directors

RIC TRAYNOR (age 56)
Executive chairman

Appointment date May 2004

Experience
Ric has been an insolvency practitioner since qualifying as a chartered accountant with Arthur Andersen in 1984. He established Traynor & Co. in 1989 which, following the acquisition of Begbies London in 1997, became Begbies Traynor.

Ric has focussed on the development of the business, including the group's successful introduction to AIM in 2004, and on practice management. He continues to lead the business and remains a major shareholder.

NICK TAYLOR (age 45)
Group finance director

Appointment date December 2010

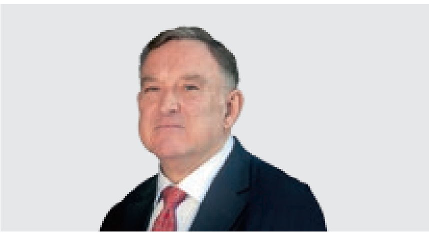
Experience
Nick was appointed as group finance director in 2010, having joined the group as financial controller in 2007. He is a chartered accountant who qualified with KPMG and previously held senior finance roles in United Utilities PLC and Vertex Data Science Limited, the business process outsourcer.

MARK FRY (age 48)
Head of insolvency and restructuring

Appointment date July 2011

Experience
Mark was appointed to the board in 2011 as head of insolvency and restructuring, having joined the group in 2005 following an acquisition. He led our London and South East region prior to his board appointment and played a key role in developing the group's advisory practice.

Mark acts as an insolvency practitioner, has been appointed in numerous complex and high-profile assignments and is a former president of the Insolvency Practitioners Association.



JOHN MAY (age 61)
Non-executive director

Appointment date October 2007

Experience
John was appointed to the board in 2007 as a non-executive director. He is also the independent chairman of the AFI Group. John was an executive director of Caledonia Investments plc and previously worked for the Hambros Group for over 20 years, where he was an executive director of Hambros Bank and joint managing director of Hambro Countrywide.

GRAHAM MCINNES (age 64)
Non-executive director

Appointment date September 2004

Experience
Graham was appointed to the board in 2004, initially as group finance director and subsequently as corporate development director. In 2012, Graham became a non-executive director. He has held a number of senior finance positions including corporate finance partner at Spicer and Oppenheim (now part of Deloitte) and finance director of Enterprise plc, in addition to developing his own corporate finance boutique in the 1990s.

Directors' report

The directors present their Annual Report on the affairs of the group, together with the financial statements and auditor's report for the year ended 30 April 2016. The chairman's statement, directors' remuneration report and corporate governance statement form part of the directors' report and are incorporated into it by cross reference.

Directors

The names and brief biographical details of the directors are shown on page 11.

Dividends

The directors recommend a final dividend of 1.6 pence (2015: 1.6 pence) per ordinary share to be paid on 4 November 2016 to shareholders on the register at 7 October 2016. This, together with the interim dividend of 0.6 pence paid on 6 May 2016 (2015: 0.6 pence), makes a total of 2.2 pence for the year (2015: 2.2 pence).

Substantial shareholdings

On 4 July 2016, the company had been notified, in accordance with sections 791 to 828 of the Companies Act 2006, of the following interests in the ordinary share capital of the company.

Name of holder	Number	Percentage held
Hof Hoorneman Bankiers	11,910,000	11.23
Fidelity Worldwide Investment	10,319,436	9.72
Allianz Global Investors	6,694,510	6.31
Theodoor Gilissen	6,418,797	6.05
Close Brothers Asset Management	3,813,346	3.59
Heronbridge Investment Management	3,693,551	3.48

Other than the above holdings and those of directors (see page 15), the board is not aware of any beneficial holdings in excess of 3% of the issued capital of the company.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Social policies and employee involvement

The policy of the group is to recruit, promote, train and develop its people by reference to their skills, abilities and other attributes of value to their role in the business. The group considers itself to be an equal opportunities employer. Employee engagement is encouraged through a variety of means including a corporate intranet, team meetings and regular dialogue with employees.

The activities of the group have a minimal pollution impact on the environment and its energy consumption is modest. Due consideration to environmental issues is given where appointed insolvency administrators take control of third-party businesses in the course of their work.

Political contributions

No political donations were made during the year (2015: £nil).

Auditor

Each of the directors at the date of approval of this Annual Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint Deloitte LLP will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on behalf of the board

John Humphrey
Company secretary
12 July 2016

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By order of the board

Ric Traynor
Executive chairman
12 July 2016

Nick Taylor
Group finance director

Directors' remuneration report

The company is not obliged to prepare a directors' remuneration report and the information below does not constitute a 'directors' remuneration report' within the meaning of the Companies Act 2006.

The remuneration committee

The remuneration committee comprises Graham McInnes, a non-executive director, and the executive chairman. The committee determines the profit shares, remuneration, bonuses and consultancy charges payable to the executive directors. The committee meets annually to settle the executive directors base remuneration for the ensuing year, together with any bonus entitlement.

Directors' remuneration

The normal remuneration arrangements for executive directors consist of basic salary and pensions contributions or directors' fees and profit share, together with an annual bonus. In addition, directors receive income protection insurance, private medical insurance and death in service benefits.

The executive bonus scheme pays a multiple of salary/profit share based on earnings per share performance. Ric Traynor and Mark Fry have waived their rights to bonus under the scheme in respect of the growth in earnings per share in the financial year ended 30 April 2016.

Some of the executive directors participate in the group's share option and growth share plan, detailed on page 15. Details of pension contributions paid by the company in respect of directors are included in note 7.

Directors' emoluments

Name of director	Directors fees/ profit share/ salary and pension £	Bonus £	Benefits in kind £	**2016 total £**	2015 total £
Executive					
Ric Traynor	225,000	—	35,547	**260,547**	260,701
Nick Taylor	162,225	36,694	10,364	**209,283**	196,660
Mark Fry	550,000	—	78,899	**628,899**	495,339
Non-executive					
John May	25,000	—	—	**25,000**	25,000
Graham McInnes	25,000	—	—	**25,000**	25,000
Aggregate emoluments	987,225	36,694	124,810	**1,148,729**	1,002,700

Directors' interests

The directors who held office at 30 April 2016 had the following interests in the shares of the group:

		30 April 2016		1 May 2015	
Name of director	Description of shares	**Beneficial**	**%**	Beneficial	%
Ric Traynor	Ordinary shares	**27,178,980**	**25.61**	27,178,980	26.00
Nick Taylor	Ordinary shares	**5,000**	**0.01**	5,000	0.01
Mark Fry	Ordinary shares	**143,890**	**0.14**	143,890	0.14
John May	Ordinary shares	**276,574**	**0.26**	276,574	0.26
Graham McInnes	Ordinary shares	**917,432**	**0.86**	917,432	0.88

No changes took place in the interests of directors between 30 April 2016 and 12 July 2016.

Directors' share options and growth share plan

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the company granted to or held by the directors. Details of share options and growth share plan awards for directors who served during the year are as follows:

Name of director	Scheme	Number at 1 May 2015	Granted in year	Forfeited/ lapsed in year	**Number at 30 April 2016**	Exercise price (pence)	Earliest exercise date	Expiry date
Mark Fry	Growth shares	2,388,546	—	—	**2,388,546**	48.0	31 October 2016	31 October 2016
	Share options	1,000,000	—	—	**1,000,000**	36.7	30 April 2016	25 October 2023
Nick Taylor	Share options	50,000	—	—	**50,000**	61.8	15 July 2013	15 July 2017
	Share options	500,000	—	—	**500,000**	36.7	30 April 2016	25 October 2023
	Share options	250,000	—	—	**250,000**	51.0	25 July 2017	25 July 2024

The market price of the company's shares at the end of the financial year was 43 pence and the range of market prices during the year was 40 pence to 49 pence.

Details of share options granted by the company at 30 April 2016 are given in note 21. None of the terms and conditions of the share options were varied in the year.

Corporate governance statement

The board is committed to high standards of corporate governance and, although as an AIM listed company Begbies Traynor Group plc is not bound by the UK Corporate Governance Code that was issued in 2014 by the Financial Reporting Council ('the Code'), the directors adopt these rules in the manner they believe appropriate to the company's status. Detailed below are the key components of the group's corporate governance policies and procedures.

The board

The full board meets formally and informally throughout the year and the executive directors attend regular operational board meetings. The agendas for these meetings formalise the matters reserved for decision by the board of the company. The board directs and controls the group and risk management issues. The board is responsible for strategy, performance and stewardship of the group's resources.

The board consists of the executive chairman, group finance director, one executive director and two non-executive directors. All directors have access to the company secretary and all group records. Each director is authorised to take external advice at the expense of the company in support of his duties.

Committees of the board

The board has two committees, each of which has written terms of reference. The minutes of the committees are circulated to and reviewed by the board.

The audit committee

The audit committee is chaired by John May, a non-executive director, and meets periodically in accordance with its terms of reference. The executive chairman, group finance director and a representative of the external auditor will normally attend meetings. The committee meets at least twice a year to discuss governance, financial reporting and internal control and risk management.

The remuneration committee

The remuneration committee, which is chaired by Graham McInnes, a non-executive director, and attended by the executive chairman, is responsible for all elements of the remuneration of the executive directors. The committee performs its functions in accordance with its terms of reference. Additional information is included in the directors' remuneration report on pages 14 and 15.

Investor communications

Meetings with institutional shareholders and independent analysts take place throughout the year and all shareholders are free to contact any member of the board at any time. Shareholders have a formal opportunity to question the board at the annual general meeting of the company, at the conclusion of which all board members are available for informal discussion.

Internal control and risk management

The systems of internal control and risk management are the responsibility of the board, which sets and reviews appropriate policies. Managers are delegated the tasks of implementation and maintenance of systems in accordance with those policies and the identification, evaluation, management and reporting of risk and control issues.

Budgets are produced annually and key performance targets within them are set by the board.

Performance against those budgets is regularly reviewed and variances are investigated and acted upon by members of the board and both head office and regional managers. Reforecasting is undertaken when variances are material and, if adverse, cannot be eliminated by such action.

The above systems and procedures can only provide reasonable assurance; they cannot eliminate the potential of material misstatement or loss, nor the risk of the group falling short of its strategic objectives and targets.

Independent auditor's report
to the members of Begbies Traynor Group plc

We have audited the group financial statements of Begbies Traynor Group plc for the year ended 30 April 2016, which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Begbies Traynor Group plc for the year ended 30 April 2016.

Rachel Argyle (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
12 July 2016

Consolidated statement of comprehensive income
for the year ended 30 April 2016

	Notes	2016 £'000	2015 £'000
Continuing operations			
Revenue	3	**50,135**	45,360
Direct costs		**(28,058)**	(25,044)
Gross profit		**22,077**	20,316
Other operating income	3	**249**	173
Administrative expenses		**(16,838)**	(15,826)
Earnings before interest, tax and amortisation prior to acquisition-related and exceptional costs		**5,488**	4,663
Acquisition-related (costs) credit	6	**(1,080)**	183
Exceptional costs		**—**	(3,101)
Earnings before interest, tax and amortisation		**4,408**	1,745
Amortisation of intangible assets arising on acquisitions		**(2,827)**	(1,413)
Finance costs	8	**(1,023)**	(1,055)
Profit (loss) before tax		**558**	(723)
Tax	9	**(264)**	122
Profit (loss) for the year from continuing operations		**294**	(601)
Discontinued operations			
Loss from the year from discontinued operations	5	**—**	(979)
Profit (loss) for the year		**294**	(1,580)
Other comprehensive income			
Exchange differences on translation of foreign operations		**3**	(5)
Total comprehensive income (loss) for the year		**297**	(1,585)
Earnings (loss) per share			
From continuing operations			
Basic and diluted	11	**0.3 pence**	(0.6) pence
From continuing and discontinued operations			
Basic and diluted	11	**0.3 pence**	(1.6) pence

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

Consolidated statement of changes in equity
for the year ended 30 April 2016

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

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

Consolidated balance sheet
at 30 April 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Intangible assets	12	**58,407**	57,765
Property, plant and equipment	13	**1,979**	2,512
		60,386	60,277
Current assets			
Trade and other receivables	14	**35,151**	34,861
Current tax receivable		**—**	53
Cash and cash equivalents		**7,634**	9,209
		42,785	44,123
Total assets		**103,171**	104,400
Current liabilities			
Trade and other payables	15	**(14,903)**	(11,369)
Current tax liabilities		**(1,263)**	—
Provisions	17	**(728)**	(1,625)
		(16,894)	(12,994)
Net current assets		**25,891**	31,129
Non-current liabilities			
Trade and other payables	15	**(1,501)**	(1,391)
Borrowings	16	**(18,000)**	(22,000)
Provisions	17	**(994)**	(666)
Deferred tax	18	**(6,101)**	(6,369)
		(26,596)	(30,426)
Total liabilities		**(43,490)**	(43,420)
Net assets		**59,681**	60,980
Equity			
Share capital	20	**5,611**	5,536
Share premium		**23,042**	22,473
Merger reserve		**17,584**	17,584
Translation reserve		**(2)**	(5)
Retained earnings		**13,446**	15,392
Equity attributable to owners of the company		**59,681**	60,980

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 12 July 2016. They were signed on its behalf by:

Ric Traynor
Executive chairman

Nick Taylor
Group finance director

Consolidated cash flow statement
for the year ended 30 April 2016

	Notes	**2016 £'000**	2015 £'000
Cash flows from operating activities			
Cash generated by operations	23	**7,909**	6,011
Income taxes paid		**(139)**	(1,254)
Interest paid		**(996)**	(981)
Net cash from operating activities		**6,774**	3,776
Investing activities			
Purchase of property, plant and equipment		**(511)**	(1,230)
Purchase of intangible fixed assets		**(13)**	(58)
Proceeds on disposal of fixed assets		**10**	—
Deferred consideration payments in the year		**(639)**	(177)
Acquisition of businesses		**(937)**	(3,718)
Net cash from investing activities		**(2,090)**	(5,183)
Financing activities			
Dividends paid		**(2,302)**	(2,012)
Proceeds on issue of shares		**43**	5,113
Repayment of loans		**(4,000)**	(26)
Net cash from financing activities		**(6,259)**	3,075
Net (decrease) increase in cash and cash equivalents		**(1,575)**	1,668
Cash and cash equivalents at beginning of year		**9,209**	7,541
Cash and cash equivalents at end of year		**7,634**	9,209

Notes to the consolidated financial statements
for the year ended 30 April 2016

1. General information
Begbies Traynor Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 340 Deansgate, Manchester M3 4LY.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2. Accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of accounting
The financial statements have been prepared in accordance with applicable UK law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU'), including International Accounting Standards ('IAS') and Interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC').

The financial statements have been prepared on the historical cost basis and all accounting policies have been applied consistently throughout the current and preceding year.

Going concern
The group's business activities, together with factors likely to affect its future development, performance and position, are set out in the chairman's statement and strategic report. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the strategic report.

Furthermore, notes 16 and 19 to the financial statements include full details of the group's borrowings in addition to the group's objectives and policies for managing its capital, its financial risk management objectives and its exposures to credit, interest rate and liquidity risk.

The group has principal banking facilities of £30.0 million, of which £10.4 million was utilised (£18.0 million drawn less £7.6 million of cash balances) at 30 April 2016.

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 signing these financial statements. 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, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Earnings before interest, tax and amortisation ('EBITA')
EBITA includes the results from operating activities of the group, including software amortisation costs, but stated before finance costs, taxation and amortisation of intangible assets arising on acquisitions.

Exceptional and acquisition-related items
The group presents certain items separately as 'exceptional' or 'acquisition-related'. These are items which in management's judgement should be disclosed separately by virtue of their size and or nature.

(b) Basis of consolidation
The consolidated financial statements incorporate the financial statements of Begbies Traynor Group plc and entities controlled by Begbies Traynor Group plc (its subsidiaries, which include limited liability partnerships). Control is achieved where Begbies Traynor Group plc ('the company') has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated statement of comprehensive income.

The results of entities acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, the accounts of the subsidiaries are adjusted to conform to the group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Changes in accounting policies
The accounting policies adopted are consistent with those of the previous financial year.

2. Accounting policies continued

(d) Business combinations

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. In accordance with the IFRS Interpretation Committee's interpretation of paragraph B55 of IFRS 3, the cost of the business combination excludes consideration which requires post-acquisition service obligations to be performed by the selling shareholders. These amounts are accounted for as deemed remuneration and will be charged to the consolidated statement of comprehensive income over the period of the obligation.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Where the fair value of the assets and liabilities at acquisition cannot be determined reliably in the initial accounting, these values are considered to be provisional for a period of 12 months from the date of acquisition. If additional information relating to the condition of these assets and liabilities at the acquisition date is obtained within this period, then the provisional values are adjusted retrospectively. This includes the restatement of comparative information for prior periods.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of comprehensive income.

Adjustments to contingent consideration for acquisitions made before 1 May 2010 (from which date IFRS 3 (revised) has been adopted) are recorded against goodwill. Adjustments to contingent consideration for acquisitions made after 1 May 2010 are recorded in the consolidated statement of comprehensive income. Acquisition-related costs are recognised in the consolidated statement of comprehensive income as incurred.

(e) Intangible assets

Goodwill

Goodwill arising on consolidation is recognised as an asset.

Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at cost less accumulated impairment losses. Any impairment is recognised immediately in the consolidated statement of comprehensive income and is not subsequently reversed.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on acquisitions before the date of the group's transition to IFRS has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date and at least annually thereafter.

Other intangible assets

Other intangible assets are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives. The carrying amount is reduced by any provision for impairment where necessary.

On a business combination, as well as recording separable intangible assets already recognised in the balance sheet of the acquired entity at their fair value, identifiable intangible assets that are separable or arise from contractual or other legal rights are also included in the acquisition balance sheet at fair value.

Amortisation is charged so as to write off the cost or valuation of assets over their estimated useful lives, on the following basis:

Software on strategic systems	10% of cost
Intangible assets arising on acquisitions	20%–50% of fair value at acquisition

(f) Property, plant and equipment

All assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, on the following basis:

Computers	20%–33% of cost
Motor vehicles	25% on a reducing balance basis
Office equipment	15%–25% of cost
Leasehold improvements	evenly over period of lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within profit or loss for the period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the relevant lease term.

Assets in the course of construction are not depreciated.

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

2. Accounting policies continued
(g) Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

(h) Financial instruments
Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and on-demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables
Trade receivables are stated at amortised cost less allowances for estimated irrecoverable amounts.

Trade payables
Trade payables are stated at their amortised cost.

Financial liabilities and equity instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Equity instruments
Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Bank borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis to the consolidated statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(i) Provisions
Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that the group will be required to settle the obligation and the amount can be reliably estimated.

(j) Leases
Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

The group as lessee
Operating lease rentals are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease even where payments are not made on such a basis. Lease incentives are spread over the period of the lease.

The group as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the varying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. Accounting policies continued

(k) Revenue recognition

Revenue represents amounts recoverable from clients for professional services provided during the year, excluding value added tax. The group recognises revenue when the amount can be reliably measured and it is probable economic benefits will flow.

Services provided to clients, which at the balance sheet date have not been billed, are recognised as unbilled revenue.

Revenue recognised in this manner is based on an assessment of the fair value of the services provided at the balance sheet date reflecting the stage of completion (determined by costs incurred to date as a percentage of the total anticipated costs) of each assignment. These estimates and judgements may change over time as the case completes and this will be recognised in the consolidated statement of comprehensive income in the period in which the revision becomes known. These judgements are formed over a large portfolio of cases and are therefore unlikely to be individually material.

Unbilled revenue on individual client assignments is included as unbilled income within trade and other receivables.

For contingent fee engagements, revenue is only recognised (over and above any agreed minimum fee) when it is virtually certain at the balance sheet date of a successful outcome to the engagement.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Pensions and retirement benefits

The group operates a defined contribution scheme in the United Kingdom for certain employees. The costs of the pension funding borne by the group are charged to the consolidated statement of comprehensive income as an expense as they fall due.

(n) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest. At each balance sheet date, the group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

(o) Taxation

The tax expense represents the sum of current tax and deferred tax.

Current taxation

Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated statement of comprehensive income except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

2. Accounting policies continued
(p) Critical accounting judgements and key sources of estimation uncertainty
In the process of applying the group's accounting policies, the group is required to make certain estimates, judgements and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented.

On an ongoing basis, the group evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The group believes that the estimates and judgements in relation to goodwill have the most significant impact on the annual results under IFRS as set out below.

Goodwill

The group records all assets and liabilities acquired in purchase acquisitions, including goodwill, at fair value. Goodwill is not amortised but is subject, at a minimum, to annual tests for impairment. The initial goodwill recorded and subsequent impairment review requires management to make subjective judgements concerning the value in use of cash-generating units. This requires an estimate of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. Details of the assumptions made are provided in note 12.

(q) Recently issued accounting pronouncements
International Financial Reporting Standards

At the date of authorisation of these financial statements, the following relevant standards and interpretations were in issue but not yet effective and have not been applied in these financial statements:

International Accounting Standards (IAS/IFRSs)	Effective date (year end commencing on or after)
IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
IFRS 9 'Financial Instruments'	1 January 2018
IFRS 16 'Leases'	1 January 2019

Beyond the information above, it is not practical to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

3. Revenue
An analysis of the group's revenue is as follows:

	2016 £'000	2015 £'000
Continuing operations		
Rendering of professional services	**50,135**	45,360
Other income	**249**	173
	50,384	45,533
Discontinued operations		
Rendering of professional services	**—**	524
	50,384	46,057

4. Business segments

The group comprises two operating segments: insolvency and restructuring, and property.

Segmental information about these businesses is presented below.

	Insolvency and restructuring 2016 £'000	Property 2016 £'000	Consolidated 2016 £'000
Revenue			
Total revenue from rendering of professional services	37,723	12,417	50,140
Inter-segment revenue	—	(5)	(5)
External revenue	37,723	12,412	50,135
Segmental result	7,478	2,410	9,888
Shared and central costs			(4,400)
EBITA			5,488
Acquisition-related costs			(1,080)
Amortisation of intangible assets arising on acquisitions			(2,827)
Finance costs			(1,023)
Profit before tax			558
Tax			(264)
Profit for the financial year			294
Balance sheet			
Assets			
Segment assets	81,951	12,874	94,825
Unallocated corporate assets			7,875
Consolidated total assets			102,700
Liabilities			
Segment liabilities	(12,138)	(6,305)	(18,443)
Unallocated corporate liabilities			(25,075)
Consolidated total liabilities			(43,518)
Net assets – continuing operations			59,182
Net assets – discontinued operations			499
Total			59,681

Unallocated amounts include current and deferred tax liabilities, cash and financial liabilities and other central assets and liabilities.

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

4. Business segments continued

	Insolvency and restructuring 2016 £'000	Property 2016 £'000	Consolidated 2016 £'000
Other information			
Capital additions	**312**	**212**	**524**
Depreciation and amortisation	**773**	**248**	**1,021**

	Insolvency and restructuring 2015 £'000	Property 2015 £'000	Consolidated 2015 £'000
Revenue			
Total revenue from rendering of professional services	40,859	4,556	45,415
Inter-segment revenue	—	(55)	(55)
External revenue	40,859	4,501	45,360
Segmental result	8,518	744	9,262
Shared and central costs			(4,599)
EBITA			4,663
Acquisition-related credit			183
Exceptional costs			(3,101)
Amortisation of intangible assets arising on acquisitions			(1,413)
Finance costs			(1,055)
Loss before tax			(723)
Tax			122
Loss for the year from continuing operations			(601)
Loss for the year from discontinued operations			(979)
Total loss for the financial year			(1,580)
Balance sheet			
Assets			
Segment assets	84,553	9,672	94,225
Unallocated corporate assets			9,497
Consolidated total assets			103,722
Liabilities			
Segment liabilities	(9,654)	(4,975)	(14,629)
Unallocated corporate liabilities			(28,404)
Consolidated total liabilities			(43,033)
Net assets – continuing operations			60,689
Net assets – discontinued operations			291
Total			60,980

Geographical segments
The group's principal operations and markets are located in the UK.

5. Discontinued operations

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

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

6. Profit (loss) for the year

Profit (loss) for the year has been arrived at after charging (crediting):

	Continuing		Discontinued		Total	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Net foreign exchange (gain) loss	(7)	3	—	(3)	(7)	—
Depreciation of property, plant and equipment	848	831	—	30	848	861
Amortisation of intangible assets	3,000	1,581	—	3	3,000	1,584
Loss on disposal of property, plant and equipment	192	25	—	—	192	25
Staff costs (see note 7)	28,599	24,933	—	314	28,599	25,247
Operating lease rentals payable	2,748	2,693	—	119	2,748	2,812
Impairment of receivable balances (see note 14)	379	188	—	3	379	191
Reversal of impairment losses recognised on trade receivables (see note 14)	(13)	(17)	—	—	(13)	(17)

During the year, the group obtained the following services from the group's auditor, at the costs detailed below:

	2016 £'000	2015 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	30	30
Fees payable to the company's auditor and its associates for other services to the group		
– the audit of the company's subsidiaries pursuant to legislation	70	48
Total audit fees	100	78
– other advisory services	—	85
Total non-audit fees	—	85

During the year, the group incurred exceptional and acquisition-related items as detailed below:

	Continuing	
	2016 £'000	2015 £'000
Deemed remuneration	1,058	430
Acquisition costs (see note 22)	287	522
Gain on acquisition (see note 22)	(265)	(1,135)
Total acquisition related costs (credit)	1,080	(183)

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

6. Profit (loss) for the year continued

	Continuing	
	2016 £'000	2015 £'000
Restructuring costs	**—**	2,569
Business integration costs following the Eddisons acquisition	**—**	532
Total exceptional costs	**—**	3,101

The acquisition-related and exceptional costs are analysed as follows:

	Continuing	
	2016 £'000	2015 £'000
Direct costs	**—**	2,338
Administrative expenses	**1,080**	580
	1,080	2,918

7. Staff costs

The average monthly number of persons (including executive directors) working within the group was:

	Continuing		Discontinued		Total	
	2016 number	2015 number	**2016 number**	2015 number	**2016 number**	2015 number
Partners and consultants	**51**	64	**—**	2	**51**	66
Fee earning staff	**358**	304	**—**	5	**358**	309
Support staff	**127**	126	**—**	1	**127**	127
	536	494	**—**	8	**536**	502

	Continuing		Discontinued		Total	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Their aggregate remuneration comprised:						
Wages, salaries and partners' profit share	**25,799**	22,426	**—**	281	**25,799**	22,707
Social security costs	**1,808**	1,591	**—**	24	**1,808**	1,615
Other pension costs (note 26)	**992**	916	**—**	9	**992**	925
	28,599	24,933	**—**	314	**28,599**	25,247

Directors' remuneration

	2016 £'000	2015 £'000
Short-term benefits	**1,086**	962
Post-employment benefits	**63**	41
Share-based payments	**25**	25
	1,174	1,028

	Number	Number
The average number of directors who:		
Are members of a defined contribution pension scheme	**1**	1
Had awards receivable in the form of shares under a long-term incentive scheme	**2**	2

7. Staff costs continued

Directors' remuneration continued

Pension contributions paid by the company in respect of such directors were as follows:

	2016 £'000	2015 £'000
Nick Taylor	**63**	41

The highest paid director in the year was Mark Fry and his total remuneration for the period was £628,899 (2015: £495,339). No contributions (2015: £nil) were made into a company pension scheme on his behalf.

8. Finance costs

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

9. Tax

	Continuing		Discontinued		Total	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Current tax charge (credit)	**1,399**	174	**—**	(216)	**1,399**	(42)
Deferred tax credit (note 18)	**(1,135)**	(296)	**—**	—	**(1,135)**	(296)
	264	(122)	**—**	(216)	**264**	(338)

Corporation tax is calculated at 20% (2015: 20.9%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2016 £'000	2015 £'000
Profit (loss) before tax	**558**	(1,918)
Notional tax charge (credit) at the UK corporation tax rate of 20% (2015: 20.9%)	**112**	(401)
Adjustments in respect of current income tax of prior years	**314**	(160)
Tax effect of expenses that are not deductible in determining taxable profit	**356**	223
Impact of change in rate	**(518)**	—
Total tax expense reported in the consolidated statement of comprehensive income	**264**	(338)

The Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation was not substantively enacted as at year end the impact of the anticipated rate change is not reflected in the tax provisions reported in these accounts. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Accordingly, deferred tax balances have been revalued in these accounts which has resulted in a credit to the profit and loss account of £518,000. To the extent that the deferred tax reverses at a different rate then the impact on the net deferred tax liability will be different.

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

10. Dividends

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

The proposed final dividend is subject to approval by shareholders at the annual general meeting. The interim dividend for 2016 was not paid until 6 May 2016 and, accordingly, neither has been included as a liability in these financial statements nor as a distribution to equity shareholders.

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

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

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

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

11. Earnings per share continued

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

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

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

12. Intangible assets

	Goodwill £'000	Software £'000	Intangible assets arising on acquisitions £'000	Total £'000
Cost				
At 1 May 2014	49,149	1,718	6,110	56,977
Arising on acquisition	—	—	7,775	7,775
Additions	—	58	—	58
Disposals associated with discontinued business	—	(68)	—	(68)
At 30 April 2015	49,149	1,708	13,885	64,742
Arising on acquisitions	980	—	2,649	3,629
Additions	—	13	—	13
At 30 April 2016	**50,129**	**1,721**	**16,534**	**68,384**
Amortisation and impairment				
At 1 May 2014	—	692	4,726	5,418
Amortisation during the year	—	171	1,413	1,584
Disposals associated with discontinued business	—	(25)	—	(25)
At 30 April 2015	—	838	6,139	6,977
Amortisation during the year	—	173	2,827	3,000
At 30 April 2016	**—**	**1,011**	**8,966**	**9,977**
Carrying amount				
At 30 April 2016	**50,129**	**710**	**7,568**	**58,407**
At 30 April 2015	49,149	870	7,746	57,765

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

12. Intangible assets continued
The carrying value of intangible assets arising on acquisitions comprises customer relationships of £4,655,000 (2015: £3,800,000), customer contracts of £1,790,000 (2015: £2,279,000), order backlog of £814,000 (2015: £1,230,000) and websites of £309,000 (2015: £437,000).

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ('CGUs') that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated wholly to the insolvency CGU.

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is based on a value in use calculation using cash flow projections over a 20 year period, including the latest one year forecast approved by the board. No terminal value is applied.

The one year forecast is prepared considering local partners' expectations based on market knowledge, numbers of new engagements and the pipeline of opportunities. The remaining years are based on the board's expectations considering market expectations and historical financial performance.

Key assumptions used in value in use calculation
The key assumptions for the value in use calculation are those regarding:

- pre-tax discount rate;
- revenue; and
- EBITA margins.

Discount rate
The group's post-tax weighted average cost of capital, derived from Bloomberg data, has been used to calculate a group pre-tax discount rate of 12% (2015: 13%), which reflects current market assessments of the time value of money for the period under review and the risks specific to the group. As the insolvency CGU comprises the significant majority of the group's activities this has been used as the discount rate for the purpose of the value in use calculation.

Revenue
Revenue assumptions in the one year forecast are derived from local partners' expectations based on market knowledge, numbers of new engagements and the pipeline of opportunities. Future year revenue levels are based on anticipated insolvency numbers over an economic cycle. This anticipates an increase in insolvency appointments during recession followed by subsequent decreases. The average number of insolvency appointments over the economic cycle is in line with historical levels.

EBITA margins
EBITA margins in the one year forecast are derived from local partners' expectations based on the number of current engagements and cost base. Margins are forecast to remain at budgeted levels over the extrapolation period, based on past experiences and expectations of future market developments.

Sensitivity to changes in assumptions
With regard to the assessment of value in use for the insolvency CGU, the directors believe that reasonably possible changes in any of the above key assumptions would not cause the carrying value of the unit to exceed its recoverable amount.

13. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 May 2014	4,608	1,113	2,509	14	8,244
Arising on acquisition	—	303	192	—	495
Additions	820	117	293	—	1,230
Disposals	—	(23)	(2)	—	(25)
Disposals associated with discontinued business	—	(1)	(78)	—	(79)
At 30 April 2015	5,428	1,509	2,914	14	9,865
Arising on acquisition	—	—	6	—	6
Additions	90	157	264	—	511
Disposals	(1,238)	(260)	(273)	—	(1,771)
At 30 April 2016	**4,280**	**1,406**	**2,911**	**14**	**8,611**
Depreciation and impairment					
At 1 May 2014	3,353	981	2,190	12	6,536
Charge for the year	490	115	255	1	861
Disposals associated with discontinued business	—	—	(44)	—	(44)
At 30 April 2015	3,843	1,096	2,401	13	7,353
Charge for the year	387	174	287	—	848
Disposals	(1,156)	(166)	(247)	—	(1,569)
At 30 April 2016	**3,074**	**1,104**	**2,441**	**13**	**6,632**
Carrying amount					
At 30 April 2016	**1,206**	**302**	**470**	**1**	**1,979**
At 30 April 2015	1,585	413	513	1	2,512

14. Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	**6,127**	4,802
Unbilled income	**21,480**	24,326
Other debtors and prepayments	**4,349**	3,597
Deemed remuneration	**3,195**	2,136
	35,151	34,861

Trade receivables do not carry interest and are stated net of allowances for doubtful receivables of £852,000 (2015: £615,000).

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables are non-interest bearing and are generally on 30 days' terms. Refer to note 19 for disclosures on credit risk.

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

14. Trade and other receivables continued
As at 30 April, the analysis of trade receivables that were past due but not impaired is as follows:

	Total £'000	Neither past due nor impaired up to 30 days £'000	Past due but not impaired 1–3 months £'000	Past due but not impaired More than 4 months £'000
2016	**6,127**	**3,714**	**1,166**	**1,247**
2015	4,802	2,900	686	1,216

Movement in the allowance for doubtful debts

	2016 £'000	2015 £'000
Balance at beginning of the year	**615**	483
Amounts arising on acquisition	**22**	97
Amounts written off during the year	**(151)**	(139)
Amounts recovered during the year	**(13)**	(17)
Increase in allowance recognised in profit or loss	**379**	191
Balance at end of the year	**852**	615

15. Trade and other payables

	2016 £'000	2015 £'000
Current		
Trade payables	**1,579**	1,956
Accruals	**5,872**	4,434
Other taxes and social security	**2,216**	2,128
Deferred income	**1,262**	796
Other creditors	**2,736**	1,357
Deferred consideration	**1,238**	698
	14,903	11,369
Non-current		
Deferred consideration	**1,501**	1,391

Trade creditors are non-interest bearing and are normally settled on terms agreed with suppliers.

The directors consider that the carrying amount of trade payables approximates to their fair value.

16. Borrowings

	2016 £'000	2015 £'000
Unsecured borrowing at amortised cost		
Bank loans	**18,000**	22,000
Total borrowings	**18,000**	22,000
Amount due for settlement within 12 months	**—**	—
Amount due for settlement after 12 months	**18,000**	22,000

The group's principal borrowings at 30 April 2016 comprise unsecured, revolving credit facilities ('RCFs') totalling £20 million (2015: £20 million) and a term loan of £10 million (2015: £10 million) which were entered into on 26 April 2013. The principal features of these borrowings are summarised as follows:

- RCF of £10 million provided by HSBC, of which £4 million was drawn at 30 April 2016 (2015: £6 million). The facility has a 4.25 year term from 26 April 2013. The effective interest rate was 4.3%;
- RCF of £10 million provided by Santander, of which £4 million was drawn at 30 April 2016 (2015: £6 million). The facility has a 4.25 year term from 26 April 2013. The effective interest rate was 4.3%; and
- term loan of £10 million provided by M&G UK Companies Financing Fund 2, of which £10 million was drawn at 30 April 2016 (2015: £10 million). The facility has a £5 million maturity in April 2020 and a £5 million maturity in April 2021. The effective interest rate was 5.3%.

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

All borrowings are denominated in sterling. Of the total cash balance of £7,634,000 (2015: £9,209,000), £7,516,000 is denominated in sterling (2015: £8,356,000), £60,000 in US dollars (2015: £95,000) and £58,000 (2015: £758,000) in other currencies. The directors consider that the fair values of the group's financial instruments approximate to their book value.

At the balance sheet date, all of the cash balances were available for general use by the group's entities. At 30 April 2015, £758,000 of the cash balances was not available for general use by the group's entities, as it related to pre-funding of disbursement costs in relation to a specific engagement and use of those balances was contractually restricted to that engagement.

17. Provisions

	Restructuring £'000	Disposal provisions £'000	Property exit provisions £'000	Total £'000
At 1 May 2014	338	974	831	2,143
Charged for the year	1,032	379	574	1,985
Utilised	(1,079)	(217)	(541)	(1,837)
At 30 April 2015	291	1,136	864	2,291
Arising on acquisition	—	—	669	669
Utilised	(291)	(414)	(533)	(1,238)
At 30 April 2016	**—**	**722**	**1,000**	**1,722**
Current liabilities	—	337	391	728
Non-current liabilities	—	385	609	994
At 30 April 2016	**—**	**722**	**1,000**	**1,722**

Disposal provisions include liabilities arising from warranty and onerous contract obligations relating to discontinued businesses. The non-current elements of the provisions are all expected to be utilised in the periods up to 30 April 2021.

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

18. Deferred tax
The following are the deferred tax assets (liabilities) recognised by the group and movements thereon during the current and prior year:

	Tax deductible goodwill £'000	Intangibles £'000	Short-term timing differences £'000	Total £'000
At 1 May 2014	(4,925)	—	(86)	(5,011)
(Charge) credit to income	(116)	345	67	296
Acquired	—	—	(59)	(59)
Arising on acquisitions	515	(2,110)	—	(1,595)
At 30 April 2015	(4,526)	(1,765)	(78)	(6,369)
(Charge) credit to income	(284)	820	81	617
Arising on acquisitions	—	(867)	—	(867)
Income statement effect of change in tax rate	478	40	—	518
At 30 April 2016	**(4,332)**	**(1,772)**	**3**	**(6,101)**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 £'000	2015 £'000
Deferred tax liabilities	**(6,453)**	(6,856)
Deferred tax assets	**352**	487
	(6,101)	(6,369)

19. Financial instruments
Financial risk management objectives and policies
The group's principal financial instruments comprise cash balances and bank loans. The main purpose of these financial instruments is to raise finance for the group's operations. The group also has various other financial instruments, such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk
The group's external borrowings at the balance sheet date comprise loan facilities. All principal borrowings are on floating interest rates. The group does not seek to fix interest rates on these borrowings as the board currently considers the exposure to interest rate risk acceptable.

If interest rates had been 50 basis points higher and all other variables were held constant, the group's profit for the year ended 30 April 2016 and net assets at that date would decrease by £62,000 (2015: £71,000). This is attributable to the group's exposure to movements in interest rate on its variable rate borrowings.

Credit risk
The nature of the group's debtor balances, the time taken for payment by clients and the associated credit risk are dependent on the type of engagement.

On formal insolvency appointments (which form the majority of the group's activities), invoices are generally raised having achieved approval from creditors to draw fees. This is typically settled on a timely basis from case funds. The credit risk on these engagements is therefore considered to be extremely low.

On other engagements, the timescale to receive payment from the date of invoice is typically longer as the group's standard 30 day payment terms (referred to in note 14) are not practically enforceable in all situations. The board do not believe that this is an indication of increased credit risk on these engagements.

Receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. Movements in the allowance for doubtful debts are disclosed in note 14. The group does not believe it is exposed to any material concentrations of credit risk.

Unbilled revenue is recognised by the group only when all conditions for revenue recognition have been met in line with the group's accounting policy in note 2(k).

19. Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its obligations associated with its financial liabilities. The group's ability to generate cash from formal insolvency appointments is usually reliant on asset realisations. A deterioration in realisations in the short term could reduce the group's operating cash generation and increase its financing requirements. The group monitors its risks to a shortage of funds through regular cash management and forecasting and ensuring suitable headroom within its banking facilities.

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of its committed bank facilities, and giving consideration to other available sources of finance such as bank overdrafts, finance leases and hire purchase contracts.

There is no material risk associated with foreign currency transactions or overseas subsidiaries.

The table below summarises the maturity profile of the group's financial liabilities at 30 April 2016 based on contractual payments.

	At 30 April 2016				At 30 April 2015			
	Within 1 year £'000	**Between 2–5 years £'000**	**After 5 years £'000**	**Total £'000**	Within 1 year £'000	Between 2–5 years £'000	After 5 years £'000	Total £'000
Bank borrowings	**937**	**19,927**	**—**	**20,864**	1,057	19,811	5,263	26,131
Trade and other payables	**14,903**	**1,501**	**—**	**16,404**	11,369	1,391	—	12,760
	15,840	**21,428**	**—**	**37,268**	12,426	21,202	5,263	38,891

Capital management

The primary objective of the group's capital management is to support its business and maximise shareholder value. The group manages its capital structure and makes adjustments to it in light of changes in economic conditions and business requirements. To maintain or adjust the capital structure, the group may raise additional or pay down debt finance, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The table below presents quantitative data for the components the group manages as capital:

	2016 £'000	2015 £'000
Shareholders' funds	**59,681**	60,980
Bank borrowings	**18,000**	22,000
At 30 April	**77,681**	82,980

Categories of financial instruments

The table below shows the classification of the group's financial instruments:

	2016 £'000	2015 £'000
Financial assets		
Trade receivables	**6,127**	4,802
Cash at bank	**7,634**	9,209
	13,761	14,011
Financial liabilities		
Trade payables	**(16,404)**	(12,760)
Bank loans	**(18,000)**	(22,000)
	(34,404)	(34,760)

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

20. Share capital

	2016 thousand	2015 thousand	2016 £'000	2015 £'000
Allotted, called up and fully paid				
Ordinary shares of 5 pence				
At 1 May	**104,628**	91,422	**5,232**	4,572
Staff SIP scheme	**100**	111	**5**	5
Consideration for acquisition	**1,390**	13,095	**70**	655
At 30 April	**106,118**	104,628	**5,307**	5,232
Allotted, called up but not fully paid				
A ordinary shares of 3 pence				
At 1 May	**4,909**	6,882	**147**	206
Conversion of shares	**(41)**	(1,973)	**(1)**	(59)
At 30 April	**4,868**	4,909	**146**	147
Allotted, called up and fully paid				
Deferred shares of 1 pence				
At 1 May	**15,652**	9,731	**157**	98
Conversion of shares	**122**	5,921	**1**	59
At 30 April	**15,774**	15,652	**158**	157
Issued share capital	**126,760**	125,189	**5,611**	5,536

Ordinary shares carry no right to fixed income and each share carries the right to one vote at general meetings of the company.

A ordinary shares have no rights to fixed income, dividends or voting rights at general meetings of the company. The shares are only transferable either pursuant to an offer required to be made by the City Code for the A ordinary shares or otherwise with prior written consent of the company.

Deferred shares have no rights to fixed income, dividends or voting rights at general meetings of the company. The shares are only transferable with the consent of the company.

During the year, 40,540 A ordinary shares from the 31 October 2013 growth share plan were converted into 121,620 deferred shares.

21. Share-based payments
Share option scheme
The group operates a share option scheme which is settled in ordinary shares.

Directors' remuneration information is provided on pages 14 and 15.

Growth share plan
The group has operated growth share schemes for partners over the previous five years. Under the schemes, partners purchase A ordinary shares, which may be converted into ordinary shares of the company at a date three years from the date of allotment, subject to ordinary share price performance compared to a pre-determined rate.

21. Share-based payments continued

Growth share plan continued

Options for both of the above schemes were valued using the Black-Scholes option pricing model with the following assumptions:

	Share option scheme			Growth share plan
Grant date	15 July 2010	25 October 2013	25 July 2014	31 October 2013
Share price at grant date (pence)	62	38	52	38
Exercise price (pence)	62	37	51	48
Number of participants	3	13	2	41
Number of shares under option outstanding	300,000	2,800,000	375,000	4,868,274
Vesting period (years)	3	3	3	3
Time to expiry (years)	7	10	10	3
Expected volatility (%)	20	23	25	23
Risk free rate (%)	1.2	0.8	0.8	0.8
Expected dividend yield (%)	2.5	6.2	6.2	6.2
Fair value per option (pence)	7.0	3.3	9.8	1.2

The expected volatility has been determined based on historical volatility over the last two years. The risk free rate is based on UK treasury issued bonds of a term consistent with the option life. The fair value is spread over the vesting period of the options.

No options were exercised during the financial year.

The group recognised an expense of £62,000 (2015: £61,000) related to equity-settled share-based payments.

22. Acquisitions

Insolvency division

On 30 September 2015, the group acquired the trade and certain assets of the Sheffield based P&A Partnership Limited, out of administration.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired			
Intangible assets	—	1,981	1,981
Trade and other receivables	955	(740)	215
Trade and other payables	(456)	(898)	(1,354)
Provisions	—	(669)	(669)
Deferred tax	—	(396)	(396)
Total identifiable assets (liabilities)	499	(722)	(223)
Satisfied by:			
Cash			445
Deferred consideration			312
Total consideration			757
Goodwill			980

Fair value adjustments of £1,981,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 12.

The deferred consideration arrangements require the group to pay the administrators £325,000 12 months following acquisition. Under the terms of the acquisition, additional contingent consideration may be payable. The maximum undiscounted amount of all future payments the group could be required to make under the contingent consideration arrangement is £150,000.

No contingent liabilities have been assumed.

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

22. Acquisitions continued
Insolvency division continued

Acquisition costs of £243,000 have been charged to the statement of comprehensive income as an exceptional cost.

The acquisition contributed £1,598,000 of revenue and £97,000 to the group's profit before tax for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on the first day of the financial year, the group revenues for the period would have been £53.0 million and group profit before tax would have been £1.3 million.

The amounts recognised above are provisional estimates.

Property division

On 30 November 2015 the group acquired the entire issued share capital of Taylors Business Surveyors and Valuers Limited, a commercial property and business valuations specialist.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired			
Intangible assets	—	668	668
Property plant and equipment	6	—	6
Trade and other receivables	400	(92)	308
Cash and cash equivalents	8	—	8
Trade and other payables	(125)	—	(125)
Contingent liabilities	—	(65)	(65)
Corporation tax	(64)	—	(64)
Deferred tax	—	(471)	(471)
Total identifiable assets	225	40	265
Satisfied by:			
Cash			580
Equity instruments (1,389,661 ordinary shares in Begbies Traynor Group plc)			600
Contingent consideration arrangement			663
Less: amounts treated as deemed remuneration			(1,843)
Total consideration			—
Gain on acquisition			265
Cash outflows arising on acquisition			
Cash consideration			580
Less: cash and cash equivalents acquired			(8)
			572

Fair value adjustments of £668,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 12.

The contingent consideration arrangements require the group to pay the vendors additional consideration based upon performance targets being met in the first five years following acquisition. The fair value of contingent consideration was determined by forecasting expected financial performance in the earn-out period. The maximum undiscounted amount of all future payments the group could be required to make under the contingent consideration arrangement is £750,000 to be satisfied in ordinary shares.

Acquisition costs of £44,000 have been charged to the statement of comprehensive income as an exceptional cost.

The acquisition contributed £701,000 of revenue and £120,000 to the group's profit before tax for the period between the date of acquisition and the balance sheet date. If the acquisitions had been completed on the first day of the financial year, the group revenues for the period would have been £51.0 million and group profit before tax would have been £0.7 million.

The amounts recognised above are provisional estimates.

23. Reconciliation to the cash flow statement

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

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

24. Contingent liabilities

The group had no material contingent liabilities at 30 April 2016 or 30 April 2015.

25. Operating lease arrangements

The group as lessee

	2016 £'000	2015 £'000
Minimum lease payments under operating leases recognised as an expense in the year	**2,748**	2,812

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	**2,269**	2,805
In the second to fifth years inclusive	**3,240**	4,372
After five years	**452**	645
	5,961	7,822

Operating lease payments principally represent rentals payable by the group for certain of its office properties, which have an average duration of five years, together with operating leases for motor vehicles.

Notes to the consolidated financial statements *continued*
for the year ended 30 April 2016

25. Operating lease arrangements continued
The group as lessor
Rental income earned during the year was £66,000 (2015: £nil). At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments:

	2016 £'000	2015 £'000
Within one year	**161**	—
In the second to fifth years inclusive	**362**	—
	523	—

Operating lease income represents rental income receivable by the group, which is committed for the next three years.

26. Pensions
The group operates defined contribution pension schemes for all qualifying employees.

The total cost charged to income of £992,000 (2015: £925,000) represents contributions payable to these schemes by the group at rates specified in the rules of the plans. As at 30 April 2016, contributions of £90,000 (2015: £107,000) due in respect of the current year had not been paid over to the schemes.

27. Related party transactions
Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year the following transactions, all of which were on arm's length terms and in the ordinary course of business, occurred in which directors have an interest:

Various commercial properties used by members of the group during the year are owned or part owned by Ric Traynor or his personal pension fund. Rent and service charges paid on those properties by entities within the group in the year totalled £720,500 (2015: £720,000). At 30 April 2016 £nil (2015: £nil) was payable in respect of these transactions.

One commercial property used by members of the group during the year is part owned by Mark Fry. Rent and service charges paid on this property by entities within the group in the year totalled £85,000 (2015: £85,000). At 30 April 2016 £nil (2015: £nil) was payable in respect of this transaction. Mark Fry also part owns a company which provides archiving facilities to entities within the group. £24,000 (2015: £24,000) was paid by entities within the group for this service during the year. At 30 April 2016 £6,000 (2015: £6,000) was payable in respect of this service.

Ric Traynor purchased the controlling interest in Red Flag A!ert LLP ('Red Flag') from the group on 10 April 2012, with the group retaining a minority interest in the partnership. The group has agreed to continue to provide IT, HR, marketing, administrative and accounting services to Red Flag for which £96,000 was payable by Red Flag during the year (2015: £96,000). The group has negotiated an agreement to retain full access to the database and joint marketing rights for the publication of Red Flag Alert quarterly statistics and was charged a fee of £150,000 for the year (2015: £150,000). Rent of £24,000 was paid to the group by Red Flag during the year (2015: £24,000). At 30 April 2016 £32,000 (2015: £4,000) was owed by Red Flag A!ert LLP.

28. Post balance sheet events
On 2 June 2016 the group acquired the entire issued share capital of Pugh Auction Group Limited ('Pugh & Co'). The acquisition is for an initial consideration of £2.0 million, satisfied in cash. Under the terms of the acquisition, there is deferred consideration of up to £2.625 million dependent on the financial performance over the five years from completion. Up to £0.25 million of the deferred consideration may be satisfied through cash or equity, the remainder is payable in cash.

Independent auditor's report
to the members of Begbies Traynor Group plc

We have audited the financial statements of Begbies Traynor Group plc for the year ended 30 April 2016, which comprise the company balance sheet, statement of changes in equity and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter
We have reported separately on the consolidated financial statements of Begbies Traynor Group plc for the year ended 30 April 2016.

Rachel Argyle (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
12 July 2016

Company balance sheet
at 30 April 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investment in subsidiaries	4	**31,338**	31,277
Current assets			
Debtors	5	**34,662**	35,461
Creditors: amounts falling due within one year			
Other creditors and accruals	6	**(423)**	(436)
		(423)	(436)
Net current assets		**34,239**	35,025
Total assets less current liabilities		**65,577**	66,302
Creditors: amounts falling due after more than one year			
Other creditors and accruals	6	**(743)**	(1,004)
Net assets		**64,834**	65,298
Capital and reserves			
Called-up share capital	7	**5,611**	5,536
Share premium account		**23,042**	22,473
Merger reserve		**17,584**	17,584
Profit and loss account		**18,597**	19,705
Shareholders' funds		**64,834**	65,298

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 12 July 2016. They were signed on its behalf by:

Ric Traynor
Executive chairman

Nick Taylor
Group finance director

Statement of changes in equity
for the year ended 30 April 2016

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2014	4,876	18,020	17,584	15,340	55,820
Profit for the year as previously stated	—	—	—	6,336	6,336
Changes on transition to FRS 102	—	—	—	(20)	(20)
Profit for the year under FRS 102	—	—	—	6,316	6,316
Dividends	—	—	—	(2,012)	(2,012)
Credit to equity for equity-settled share-based payments	—	—	—	61	61
Shares issued	660	4,453	—	—	5,113
At 30 April 2015	5,536	22,473	17,584	19,705	65,298
Profit for the year	—	—	—	1,132	1,132
Dividends	—	—	—	(2,302)	(2,302)
Credit to equity for equity-settled share-based payments	—	—	—	62	62
Shares issued	75	569	—	—	644
At 30 April 2016	**5,611**	**23,042**	**17,584**	**18,597**	**64,834**

Notes to the company financial statements
for the year ended 30 April 2016

1. Significant accounting policies
Basis of accounting
The separate financial statements of the company have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Investments
Fixed asset investments in subsidiaries are shown at cost less provision for impairment. The carrying value of fixed asset investment is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Share-based payments
The fair value of services received in exchange for the grant of options is recognised as an expense over the vesting period in accordance with FRS 102. Options are valued using the Black-Scholes option pricing model. Further details are provided in note 21 of the consolidated financial statements.

Critical accounting judgements and key sources of uncertainty
In the process of applying the company's accounting policies, the company is required to make certain estimates, judgements and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented.

On an ongoing basis, the company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

(i) Critical judgements in applying the company's accounting policies – the directors do not consider there to be any critical accounting judgements that must be applied.

(ii) Key accounting estimates and assumptions – the directors do not consider there to be any key accounting estimates and assumptions that require further analysis.

FRS 102 exemption
FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of available exemptions and has not included a cash flow statement as part of its financial statements because the consolidated financial statements of its parent company, Begbies Traynor Group plc, are readily available.

2. Statement of compliance
The financial statements of Begbies Traynor Group plc have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and the Companies Act 2006.

The prior year financial statements have been restated for material adjustments on adoption of FRS 102 in the current year.

The functional currency of the group is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates.

3. Profit for the year
As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year. Begbies Traynor Group plc reported a profit for the financial year ended 30 April 2016 of £1,132,000 (2015: £6,316,000).

The company has no employees (2015: no employees).

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

4. Investment in subsidiaries

	£'000
Cost and net book value	
At 1 May 2014	23,675
Additions	7,602
At 30 April 2015	31,277
Additions	61
At 30 April 2016	**31,338**

4. Investment in subsidiaries continued

Details of subsidiary entities are set out below. These undertakings are included in the consolidated group financial statements and are 100% owned.

Subsidiary undertaking	Nature of business	Country of incorporation
Begbies Traynor Limited*	Holding company	England and Wales
BTG Consulting Limited*	Holding company	England and Wales
Begbies Traynor International Limited*	Holding company	England and Wales
Begbies Traynor (Central) LLP	Insolvency and restructuring	England and Wales
Begbies Traynor (SY) LLP (formerly Begbies Traynor (South West) LLP)	Insolvency and restructuring	England and Wales
BTG Corporate Finance LLP	Corporate finance	England and Wales
Begbies Traynor (Investigations) Limited	Investigation agency	England and Wales
BTG Financial Consulting LLP	Financial consulting	England and Wales
BTG Risk LLP	Risk consultancy	England and Wales
BTG Global Advisory Limited	International network organisation	England and Wales
BTG Corporate Solutions Ltd (formerly Marplace (No 622) Limited)	Insolvency and restructuring	England and Wales
Eddisons Commercial (Holdings) Limited*	Property consultancy	England and Wales
Eddisons Commercial Limited	Property consultancy	England and Wales
Eddisons Commercial (Property Management) Limited	Property consultancy	England and Wales
Eddisons Insurance Services Limited	Insurance brokerage	England and Wales
Eddisons Holdings Limited	Holding company	England and Wales
Eddisons Trustee Company Limited	Employee trust	England and Wales
The London Silver Vaults and Chancery Lane Safe Deposit Company Limited	Management company	England and Wales
Eddisons Commercial Ireland Limited	Property consultancy	Ireland
Eddisons France Sarl	Facilities management	France
Eddisons Spain S.L	Facilities management	Spain
Eddisons Switzerland Sarl	Facilities management	Switzerland
Eddisons Commercial Israel Limited	Facilities management	Israel
Eddisons Jordan LLC	Facilities management	Jordan
Eddisons Germany GmbH	Facilities management	Germany
Eddisons Italy S.R.L	Facilities management	Italy
Eddisons Norway AS	Facilities management	Norway
Eddisons Hungary Kft	Facilities management	Hungary
Eddisons Egypt	Facilities management	Egypt
TBS&V Ltd	Property Consultancy	England and Wales
Insolvency Advice Limited*	Dormant	England and Wales
W3 Debt Solutions LLP	Dormant	England and Wales
W3 Home Loans Limited	Dormant	England and Wales
David Horner & Co Limited	Dormant	England and Wales
Hamiltons Insolvency Practitioners Limited	Dormant	England and Wales
BTG Forensic Technology LLP	Dormant	England and Wales
Begbies Traynor Legal Services LLP	Dormant	England and Wales
Begbies Traynor (Scotland) LLP	Dormant	Scotland
Begbies Traynor (Isle of Man) Limited	Dormant	Isle of Man
BTG Tax LLP	Dormant	England and Wales
Begbies Traynor (Channel Islands) Limited	Dormant	Jersey
Eddisons Commercial (Middle East) Limited	Dormant	England and Wales
Eddisons East Point Limited	Dormant	Ireland
Philip Davies & Sons (Group) Limited	Dormant	England and Wales
Philip Davies & Sons Limited	Dormant	England and Wales
Taylors Business Surveyors and Valuers Limited	Dormant	England and Wales

* Interest is controlled by subsidiary undertakings, except where marked where shares are held directly by Begbies Traynor Group plc

All shareholdings relate to ordinary shares.

The directors of the company are of the opinion that the value of the investments in subsidiaries, as underpinned by their membership benefits in the operating entities of the group, is not less than the cost of those investments.

Notes to the company financial statements *continued*
for the year ended 30 April 2016

4. Investment in subsidiaries continued
The following subsidiary undertakings have claimed exemption from audit under section 479A Companies Act 2006:

Subsidiary undertaking
Begbies Traynor International Limited
BTG Corporate Finance LLP
Begbies Traynor (Investigations) Limited
BTG Financial Consulting LLP
BTG Risk LLP

5. Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	**34,412**	35,223
Other debtors	**250**	238
	34,662	35,461

6. Other creditors and accruals

	2016 £'000	2015 £'000
Amounts falling due within one year		
Other creditors	**423**	436
Amounts falling due after more than one year		
Other creditors	**743**	1,004

The company has no financial instruments other than those shown as financial liabilities above, all of which are denominated in sterling. The directors consider the fair value of the financial instruments approximate to their book values and that the main risk to the company arising from financial instruments is interest rate risk, which is kept under review.

7. Share capital

	2016 thousand	2015 thousand	2016 £'000	2015 £'000
Allotted, called up and fully paid				
Ordinary shares of 5 pence				
At 1 May	**104,628**	91,422	**5,232**	4,572
Staff SIP scheme	**100**	111	**5**	5
Consideration for acquisition	**1,390**	13,095	**70**	655
At 30 April	**106,118**	104,628	**5,307**	5,232
Allotted, called up but not fully paid				
A ordinary shares of 3 pence				
At 1 May	**4,909**	6,882	**147**	206
Conversion of shares	**(41)**	(1,973)	**(1)**	(59)
At 30 April	**4,868**	4,909	**146**	147
Allotted, called up and fully paid				
Deferred shares of 1 pence				
At 1 May	**15,652**	9,731	**157**	98
Conversion of shares	**122**	5,921	**1**	59
At 30 April	**15,774**	15,652	**158**	157
Issued share capital	**126,760**	125,189	**5,611**	5,536

7. Share capital continued

Ordinary shares carry no right to fixed income and each share carries the right to one vote at general meetings of the company.

A ordinary shares have no rights to fixed income, dividends or voting rights at general meetings of the company. The shares are only transferable either pursuant to an offer required to be made by the City Code for the A ordinary shares or otherwise with prior written consent of the company.

Deferred shares have no rights to fixed income, dividends or voting rights at general meetings of the company. The shares are only transferable with the consent of the company.

During the year, 40,540 A ordinary shares from the 31 October 2013 growth share plan were converted into 121,620 deferred shares.

The company has issued share options as set out in note 21 to the consolidated financial statements.

8. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 30 April 2015 and the date of transition to FRS 102 was therefore 1 May 2014.

There are no adjustments to opening equity at 1 May 2014.

Adjustments to assets

	Investments in subsidiaries	Creditors due within one year	Creditors due within more than one year
Balance reported under previous UK GAAP at 30 April 2015	31,431	(449)	(1,125)
Adjustment to restate deferred consideration in relation to the acquisition of Eddisons Commercial (Holdings) Limited at amortised cost	(154)	13	121
Balance reported under FRS 102 at 30 April 2015	31,277	(436)	(1,004)

Reconciliation of profit for 2015

	2015
Profit for the financial year under previous UK GAAP	6,336
Unwind of discounting on deferred consideration	(20)
Profit for the financial year under FRS 102	6,316

Reconciliation of equity for 2015

	2015
Equity reported under previous UK GAAP	65,318
Unwind of discounting on deferred consideration	(20)
Equity reported under FRS 102	65,298

Transitional provision

The following transitional provision available in Section 35 of FRS 102 has been taken in these financial statements:

The carrying amount of investments in subsidiaries at 30 April 2014 has been taken as deemed cost.

Approval of reduced disclosure

Begbies Traynor Group plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements in relation to share-based payments, presentation of a cash flow statement and remuneration of key management personnel.

The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by its shareholders.

Officers and professional advisors

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E N Taylor
M R Fry
R G McInnes
J M May

Secretary
J A Humphrey

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