A leading UK professional services consultancy

Begbies Traynor Group plc

Begbies Traynor Group plc Annual Report and Accounts 2018

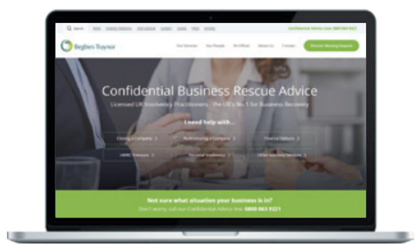
A further year of progress

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

Highlights of the year

Operational highlights

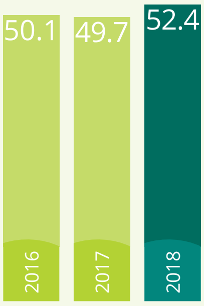
- **Business recovery and financial advisory:**
  - Increase in revenue and profit whilst investing in our team for future growth
  - Developed advisory services through the acquisition of Springboard Corporate Finance and the launch of BTG Advisory
- **Property services:**
  - Solid performance in the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



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

Financial highlights[1]

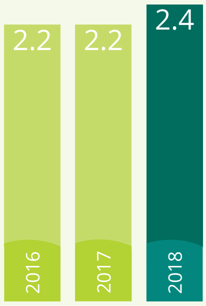
Revenue
£52.4m
(2017: £49.7m)



Adjusted profit before tax[2]
£5.6m
(2017: £4.9m)

Adjusted basic EPS[3]
4.0p
(2017: 3.3p)

Proposed total dividend
2.4p
(2017: 2.2p)



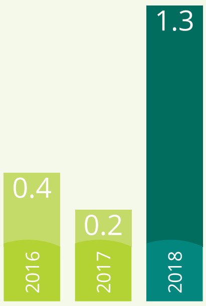
1 All figures stated from continuing operations.

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

3 See reconciliation in note 11.

Profit before tax
£2.3m
(2017: £0.6m)

Basic EPS
1.3p
(2017: 0.2p)



Net debt
£7.5m
(2017: £10.3m)

Strategic report

Corporate governance

Financial statements

Shareholder information

Our business

Who we are and what we do

Business recovery and financial advisory services

Revenue
£38.3m
(2017: £36.2m)

Segmental result
£7.6m
(2017: £7.4m)

Begbies Traynor

BTG Advisory including Springboard Corporate Finance

Begbies Traynor is the UK's leading independent business recovery practice handling the largest number of corporate appointments, principally serving the mid-market and smaller companies.

BTG Advisory provides transactional support, valuations and advisory services.

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

Insolvency – Corporate and Personal

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

- Administrations
- Receiverships
- Liquidations
- Creditors' voluntary arrangements

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

- Bankruptcy and individual voluntary arrangements (England and Wales)
- Trust deeds and sequestrations (Scotland)

Financial Advisory

Services include:

- Financial consulting, including debt advisory, due diligence and valuations
- Corporate finance
- Forensic accounting and investigations
- Litigation support
- Restructuring and turnaround

Key performance indicators (KPIs)

How we have performed

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

Property services

Revenue

£14.2m

(2017: £13.5m)

Segmental result

£3.1m

(2017: £2.9m)

Eddisons including Pugh

Part of Eddisons

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

The business includes Pugh & Co, the largest regional firm of commercial property auctioneers (by number of lots).

Advisory services

- Commercial property valuations
- Property receiverships
- Property management and accounting
- Building and project consultancy
- Property insurance and risk management

Transactional services

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

Revenue

£52.4m

(2017: £49.7m)

Adjusted profit before tax

£5.6m

(2017: £4.9m)

Adjusted basic EPS

4.0p

(2017: 3.3p)

Net debt

£7.5m

(2017: £10.3m)

Chairman's statement

A further year of progress

"It is pleasing to report a further year of progress in developing the group, during which we have continued to deliver earnings growth."

Ric Traynor
Executive chairman

Introduction

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

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

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

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

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

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

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

Results

Group revenue from continuing operations in the year ended 30 April 2018 was £52.4m (2017: £49.7m). Adjusted profit before tax[1] increased to £5.6m (2017: £4.9m), benefitting from improved contribution from both business segments and lower interest costs. Profit before tax was £2.3m (2017: £0.6m). Statutory profit for the year was £1.4m (2017: loss of £0.3m, including loss from discontinued operations of £0.5m).

Adjusted basic earnings per share[2] were 4.0p (2017: 3.3p). Basic and fully diluted earnings per share from continuing operations were 1.3p (2017: 0.2p).

Net debt was £7.5m at 30 April 2018 (2017: £10.3m), after making acquisition and deferred consideration payments in the year of £1.9m. This is the lowest year end net debt reported by the group since 2007. Gearing[3] stood at 13% (2017: 18%) and the group retains significant headroom in its committed banking facilities. Interest cover[4] was 12.6 times (2017: 7.2 times).

Dividend

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

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

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

People

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

Board appointment

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

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

Outlook

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

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

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

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

Ric Traynor
Executive chairman
9 July 2018

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

2 See reconciliation in note 11.

3 Calculated as net debt divided by net assets.

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

Our strategy

Our aim

- To be recognised as a leading professional services consultancy delivering:
  - business recovery,
  - financial advisory, and
  - property advisory services.

With expertise in

- Business restructuring and insolvency
- Transactional support
- Valuations and advisory services
- Commercial property services

Client base of

- UK businesses
- Financial institutions and the investment community
- Professional advisors
- Commercial property owners and occupiers
- Individuals

Why invest

- Begbies Traynor Group plc listed on AIM in 2004
- We are a leading business recovery, financial advisory and property services consultancy with over 570 staff and partners operating across the UK
- As the UK's leading independent business recovery practice, we handle the largest number of corporate appointments, principally serving the mid-market and smaller companies
- Over 65% of the group's activities are derived from counter-cyclical activities
- Our complementary financial advisory and property services activities provide diversified income streams
- We have growth potential across all the group's service lines
- Our board has a progressive dividend policy
- We have developed a strong financial track record

Operating review

Ric Traynor
Executive chairman

Nick Taylor
Group finance director

Business recovery and financial advisory

Insolvency market

The Insolvency Service issues quarterly statistics on the number of corporate insolvencies in England and Wales. The underlying number of corporate insolvencies[1] in calendar year 2017 was broadly unchanged at 14,608 (2016: 14,716).

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

Financial performance

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

As a result of these initiatives, together with success fees received on the completion of contingent insolvency cases, revenue in the year increased to £38.3m (2017: £36.2m). Operating costs increased to £30.7m (2017: £28.9m), due to the investment noted above and increased people costs, giving an increase in segmental profits[2] to £7.6m (2017: £7.4m). As a result of the investment in the year, our operating margins decreased slightly to 19.8% (2017: 20.3%), which we anticipate will recover in future years as we generate a return on the investments we have made.

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

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

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

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

The number of people employed in the division has increased to 351 as at 30 April 2018 from 337 at the start of the financial year. We have continued to develop our team and are pleased to have promoted four fee earners to partner during the year. We retain the capacity to deliver growth in revenue and profits from our existing team in the event of an increase in activity levels.

Property services

Revenue increased to £14.2m (2017: £13.5m) with an increase in segmental profits[2] to £3.1m (2017: £2.9m). Operating margins increased to 22.1% (2017: 21.6%).

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

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

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

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

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

Partners and employees

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

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

2 See note 4.

Finance review

Financial summary

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

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

Acquisitions in the year contributed £0.6m of revenue.

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

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

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

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

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

Amortisation of intangible assets arising on acquisitions
Amortisation costs decreased to £1.9m (2017: £2.4m).

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

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

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

Earnings per share ('EPS')
Adjusted basic earnings per share[1] were 4.0p (2017: 3.3p). Basic and fully diluted earnings per share were 1.3p (2017: 0.2p).

Basic and fully diluted earnings per share were 1.3p (2017: 0.2p).

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

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

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

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

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

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

1 See reconciliation in note 11.

CJM Asset Management

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

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

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

As a result of this accounting treatment, the value of net assets acquired (£0.3m) exceeds the accounting value of the consideration (£nil) and consequently a gain of £0.3m has been recognised within transaction costs in the year.

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

Other

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

Cash flows

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

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

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

Financing

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

Net borrowings reduced to £7.5m at 30 April 2018 (2017: £10.3m), with gearing[1] of 13% (2017: 18%) and significant headroom within the committed banking facilities. During the year, all bank covenants were comfortably met and the group remains in a strong financial position. Interest cover[2] was 12.6 times (2017: 7.2 times).

Net assets

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

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

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

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

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

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

Provisions for property costs and post-disposal obligations total £1.2m (2017: £1.2m) of which £0.8m is payable within one year.

Going concern

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

1 Calculated as net debt divided by net assets.

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

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 financial institutions, investors and other 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 dedicated compliance functions which maintain 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 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 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 if required.
Failure or interruption in IT systems	
A major failure in the group's IT systems may result in either a loss or corruption of data or an interruption in client service, which may have a consequential impact on our reputation and profitability. There is a risk that an attack on our IT systems by a malicious individual or group may be successful and impact on the availability of these systems.	Specific off-site back up and resilience requirements have been built into our IT systems which have been set up, as far as reasonably practicable, to prevent unauthorised access and mitigate the impact and likelihood of a major IT failure or cyber attack. The group has disaster recovery plans in place to cover residual risks which cannot be mitigated. The group is constantly reviewing its processes and resilience in this area due to the increasing threat landscape.

Going concern

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
9 July 2018

Nick Taylor
Group finance director
9 July 2018

Board of directors

RIC TRAYNOR (age 58)
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 47)
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 50)
Head of business recovery and advisory

Appointment date: July 2011

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

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

JOHN MAY (age 63)
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 66)
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.

MARK STUPPLES (age 56)
Non-executive director

Appointment date: July 2017

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

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 2018. 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 1.7 pence (2017: 1.6 pence per ordinary share to be paid on 8 November 2018 to shareholders on the register at 12 October 2018. This, together with the interim dividend of 0.7 pence paid on 10 May 2018 (2017: 0.6 pence), makes a total dividend of 2.4 pence for the year (2017: 2.2 pence).

Financial instruments
The financial risk management objectives and policies of the group are shown in note 19.

Capital structure
Details of the issued share capital, together with details of the movements in share capital during the year, are shown in note 20.

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.

Substantial shareholdings
On 4 July 2018, 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	12,254,527	11.10
Fidelity Worldwide Investment	10,619,436	9.32
Insinger Gilissen	7,332,614	6.64
Close Brothers Asset Management	5,284,613	4.79
Allianz Global Investors	4,249,510	3.85

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

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 corporate intranets, 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.

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.

BDO LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditors 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
9 July 2018

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 have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these 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 they have been prepared in accordance with IFRSs as adopted by the European Union, 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.

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 requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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 of two non-executive directors and is chaired by John May. The executive chairman is invited to attend for discussion on executive remuneration matters save for those relating to himself. Under its terms of reference, the committee determines the profit shares, remuneration and bonuses payable to the executive directors. The committee meets annually to agree the executive directors' base remuneration for the ensuing year, together with any bonus entitlement.

Directors' remuneration

The remuneration arrangements for Ric Traynor and Nick Taylor consist of basic salary or directors' fees and fixed profit share, together with an annual bonus. In addition, they receive income protection insurance, private medical insurance and the provision of a company car or cash allowance. Nick Taylor also receives death in service benefits.

The executive bonus scheme, which is applicable to Ric Traynor and Nick Taylor, pays a multiple of salary/fixed profit share based on maintaining or growing the group's adjusted earnings per share.

Mark Fry is an equity member of Begbies Traynor (London) LLP ("the LLP"), a subsidiary of the group in which the group has a controlling interest. He receives a fully variable profit share, determined as a proportion of the profits of the LLP. In addition Mark Fry receives directors' fees and the provision of a company car.

Some of the executive directors participate in the group's share based incentive schemes, detailed on page 15. None of the directors participate in the group's defined contribution pension scheme.

Non-executive directors' remuneration is determined by the board.

Directors' emoluments

Name of director	Directors' fees and profit share/salary £	Variable profit share £	Bonus £	Benefits in kind £	**2018 total £**	2017 total £
Executive						
Ric Traynor	327,911	—	225,000	20,826	**573,737**	407,683
Nick Taylor	200,000	—	95,000	1,072	**296,072**	225,854
Mark Fry	15,000	639,979	—	30,000	**684,979**	682,077
Non-executive						
John May	40,000	—	—	—	**40,000**	40,000
Graham McInnes	40,000	—	—	—	**40,000**	40,000
Mark Stupples (appointed 11 July 2017)	32,290	—	—	—	**32,290**	—
Aggregate emoluments	655,201	639,979	320,000	51,898	**1,667,078**	1,395,614

Directors' share options

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 option awards for directors who served during the year are as follows:

Name of director	Number at 1 May 2017	Granted in year	Exercised in year	Expired in year	**Number at 30 April 2018**	Exercise price (pence)	Earliest exercise date	Expiry date
Mark Fry	1,000,000	—	—	—	**1,000,000**	36.7	30 April 2016	25 October 2023
Nick Taylor	50,000	—	—	(50,000)	**—**	61.8	15 July 2013	15 July 2017
	500,000	—	(375,000)	—	**125,000**	36.7	30 April 2016	25 October 2023
	250,000	—	—	—	**250,000**	51.0	25 July 2017	25 July 2024
	—	500,000	—	—	**500,000**	63.1	31 October 2020	31 October 2028

The market price of the company's shares at the end of the financial year was 70 pence and the range of market prices during the year was 48 pence to 77 pence.

Details of share options granted by the company at 30 April 2018 are given in note 21. None of the terms and conditions of the share options were varied in the year. Gains on options exercised in the year were £80,850.

Directors' interests

The directors who held office at 30 April 2018 had the following interests in the shares of the group:

		30 April 2018		1 May 2017	
Name of director	Description of shares	**number**	**%**	number	%
Ric Traynor	Ordinary shares	**27,178,980**	**24.68**	27,178,980	25.47
Nick Taylor	Ordinary shares	**80,798**	**0.07**	5,000	0.01
Mark Fry	Ordinary shares	**127,466**	**0.12**	143,890	0.13
John May	Ordinary shares	**276,574**	**0.25**	276,574	0.26
Graham McInnes	Ordinary shares	**917,432**	**0.83**	917,432	0.86
Mark Stupples	Ordinary shares	**—**	**—**	—[1]	—[1]

1 As at date of appointment on 11 July 2017.

No changes took place in the interests of directors between 30 April 2018 and 9 July 2018.

Begbies Traynor (London) LLP option

There is a put and call option in place for the group to acquire Mark Fry's interest in Begbies Traynor (London) LLP during a three month period after 30 September 2019 at an agreed profit multiple or, alternatively for a nominal value in the event that a base level of profitability is not achieved over the period. In the event of significant growth in the LLP's profits, the consideration for exercising the option is capped at £4m.

For consideration of up to £1m this must be made in cash. In the event that the consideration payable exceeds £1m, then at the group's discretion the payment can be made through a combination of cash and ordinary shares, subject to the following conditions: a minimum cash element of £1m and in the event of the total payment exceeding £2m a minimum of 50% of the total consideration being in cash.

The option has replaced any right for Mark Fry to participate in any future awards under the group's directors' share options and growth share plans. In the event that the option is exercised for anything other than nominal consideration then there is an additional contractual commitment for Mark Fry to remain with the group for a minimum of a further two years.

The anticipated liability to the group under this option is calculated in accordance with the group's accounting policy for business combinations (note 2c) and is charged to the consolidated statement of comprehensive income as a transaction cost as disclosed in note 6 to the financial statements. The charge in the current financial year was £0.8m (2017: £0.3m) with a liability of £1.1m recognised at 30 April 2018. This charge is excluded from the aggregate emoluments disclosed above.

Corporate governance statement

The board is committed to high standards of corporate governance. Detailed below are the key components of the group's current corporate governance policies and procedures which, where appropriate to the group, comply with the corporate governance guidelines for small and mid-size quoted companies published by the Quoted Companies Alliance.

Board composition

The board consists of the executive chairman, two executive directors and three non-executive directors.

The executive chairman is responsible for the workings and leadership of the board together with managing the business with the support of the other executive directors.

The executive directors are Ric Traynor, executive chairman; Nick Taylor, group finance director; and Mark Fry, head of business recovery and advisory. The independent non-executive directors are Graham McInnes, John May and Mark Stupples. The board considers that the non-executive directors are independent of management and have no business or other relationship which could interfere materially with the exercise of their judgement.

Graham McInnes is the senior independent director.

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.

The board's responsibility is to provide overall leadership and oversee the performance and successful strategic development of the group as well as setting and monitoring the professional standards and values which its divisions and stakeholders demand, together with overseeing the internal control and risk management of the group. In the absence of a formal nominations committee the board is responsible for ensuring that it retains appropriate composition and balance of skills and expertise as well as considering relevant succession.

Day-to-day operational management of the group's respective divisions is delegated by the board to two principal operating boards (business recovery and advisory services and property services) which comprise of relevant members of the group's executive team and include senior partners and managers from the respective divisions.

The full board meets formally on a quarterly basis and informally where relevant throughout the year. Relevant executive directors sit on and attend the regular operational board meetings for the group's two operating divisions. Agendas for these meetings formalise the matters reserved for decision by the respective boards with papers circulated in advance for consideration and comment. Meetings are structured to allow for the open discussion and debate of the key issues.

Committees of the board

The board has delegated certain responsibilities to 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 comprises two non-executive directors and is chaired by Graham McInnes. The executive chairman, the group finance director and a representative of the group's external auditors are permitted to attend meetings of the committee by invitation only. The committee meets at least three times a year, in accordance with its terms of reference. The committee's role is to review and discuss governance, financial reporting and internal control and risk management.

The remuneration committee

The remuneration committee comprises two non-executive directors and is chaired by John May. The executive chairman is invited to attend for discussion on executive remuneration matters save for those relating to himself. The principal role of the committee is to be responsible for all elements of the remuneration of the executive directors as well as supporting the board in setting and designing its policies governing staff remuneration. The committee performs its functions in accordance with its terms of reference, meeting at least twice a year. Additional information is included in the directors' remuneration report on pages 14 and 15.

Investor communications

Meetings with institutional shareholders and analysts take place throughout the year and all shareholders are free to contact any member of the board at any time. The executive chairman and group finance director have primary responsibility for investor relations and lead the regular programme of presentations and meetings. The senior independent director is also available to meet shareholders if required and provides an alternative contact point for shareholders. 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 divisional 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

Opinion
We have audited the financial statements of Begbies Traynor Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement, company balance sheet, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of goodwill	How we addressed the Key Audit Matter in the audit
The group's goodwill measurement and valuation policy is set out in note 12 of these financial statements, with a summary of goodwill set out on page 37. In accordance with IAS 36, an annual impairment review of goodwill (see note 12) is required at each year end. The impairment calculation involves a number of management judgements and estimates, and as such holds the potential for bias or error. Furthermore, the £50.2m goodwill figure held in the statement of financial position at the year end is highly material and there is a risk that this value may not be supported.	↘ Management has prepared impairment calculations based on the forecasts of the insolvency cash-generating unit (CGU), to which all the goodwill belongs. We reviewed the methodology applied by management to ensure consistency with prior year calculations. ↘ We reviewed the assumptions used within the forecast figures for the insolvency CGU. We have compared these to the actual results of this CGU in the financial year ended 30 April 2018, investigating and challenging management on any unusual or significant movements expected going forward. ↘ We reviewed the key assumptions made within the calculation, including consulting with our valuation specialists internally. The key assumptions are considered to be the weighted average cost of capital (WACC), the growth rate applied to the calculations and the economic cycles assumed in the model (based on historical trends) as this drives volumes for the insolvency practice, counter-cyclical to the general economic environment in the UK. ↘ Management applied sensitivity analysis to those assumptions, (see note 12). We tested those sensitivity calculations and applied our own sensitivity analysis to the key assumptions to consider further the headroom available.

Revenue recognition	How we addressed the Key Audit Matter in the audit
The group's revenue recognition policy is set out in note 2j of these financial statements. In line with auditing standards, there is a presumed significant risk of fraud in relation to revenue recognition for all entities. We have considered the application of the group revenue recognition policies and determined that the significant risk in the period is that of the overstatement of unbilled income recorded at year end. As noted in the accounting policies (note 2j), judgements are formed over a large portfolio of cases meaning individual judgements are not material, however, as a result of the large number of insolvency cases being handled by the group, the aggregate balance of unbilled income is significant. As a result of the significant level of estimation involved in the balance there is potential for material misstatement and significant audit work was performed in this area.	↘ We tested a key control to ensure that there is sufficient challenge placed by the group finance team on monthly unbilled income estimates and judgements, including provisions. Group finance review and challenge that key estimates and provisions against unbilled income are appropriately calculated, each month, by individual insolvency practitioners and fee earners. We have attended a sample of monthly finance review meetings and observed the level of challenge and follow up of individual cases, which provides assurance over the internal control in place. ↘ A sample of year end unbilled income balances was tested through questionnaires being issued to the fee earners and then reviewing their responses and associated evidence, e.g. creditors' resolutions, property valuations and balances held in bank accounts against the year end position set out. ↘ We reperformed the stage of completion calculations for a sample of cases and robustly challenged the judgements and estimates made by management in relation to the status of cases and ultimate recovery of fees. ↘ We performed cut-off testing around the year end to ensure revenue has been recognised in the correct period. ↘ We also reviewed the stage of completion estimates made in the prior years and assessed their accuracy based on actual outcomes.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Performance materiality has been set at 70% of materiality. This has been assessed on criteria such as historic adjustment levels, complexity and the controls of the group.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	**£275,000 (2017: £335,000)**
Group performance materiality	£192,500 (2017: £200,000)
Parent company materiality	£205,000 (2017: £247,500)
Parent company performance materiality	£153,750 (2017: £185,625)
Basis for group materiality	5% of adjusted profit before tax
Rationale for the benchmark adopted	Begbies Traynor Group plc is AIM listed, with profit-making intentions, and significant investors external to the group. Adjusted profit is considered to be a key KPI for the group and as such a profit-based materiality basis is considered appropriate. We have adjusted for amortisation and transaction costs as these costs do not specifically relate to any business operations. The adjusted figure gives a more appropriate basis in line with a benchmark used for business decision making and used by the investor/shareholder community.

For each component in the group audit we allocated a planning materiality lower than our overall group planning materiality and used £185,000 (2017: £247,500) as a maximum component materiality with a restriction of 75% for performance materiality.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £13,750 (2017: £10,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

All significant components within the group were subject to full scope audit.

Audits of the components were performed at a materiality level calculated by reference to a proportion of group materiality appropriate to the relative scale of the business concerned.

BDO LLP conducted the audit of all components of the business and no component auditors were used during the audit process.

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

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- 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 financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
9 July 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income
for the year ended 30 April 2018

	Notes	2018 £'000	2017 £'000
Continuing operations			
Revenue	3	**52,441**	49,685
Direct costs		**(30,141)**	(28,130)
Gross profit		**22,300**	21,555
Other operating income	3	**400**	397
Administrative expenses		**(19,922)**	(20,309)
Operating profit (before amortisation and transaction costs)		**6,059**	5,627
Transaction costs	6	**(1,364)**	(1,545)
Amortisation of intangible assets arising on acquisitions		**(1,917)**	(2,439)
Operating profit		**2,778**	1,643
Finance costs	8	**(482)**	(1,001)
Profit before tax		**2,296**	642
Tax	9	**(872)**	(429)
Profit for the year from continuing operations		**1,424**	213
Discontinued operations			
Loss for the year from discontinued operations, net of tax	5	**—**	(476)
Profit (loss) for the year		**1,424**	(263)
Other comprehensive income			
Exchange differences on translation of foreign operations		**—**	2
Total comprehensive income (loss) for the year		**1,424**	(261)
Earnings (loss) per share			
From continuing operations			
Basic and diluted	11	**1.3 pence**	0.2 pence
From continuing and discontinued operations			
Basic and diluted	11	**1.3 pence**	(0.2) pence

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

Consolidated statement of changes in equity
for the year ended 30 April 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2016 as previously reported	5,611	23,042	17,584	—	(2)	13,995	60,230
Restatement		(923)	923	—	—	—	—
At 1 May 2016 restated	5,611	22,119	18,507	—	(2)	13,995	60,230
Loss for the year	—	—	—	—	—	(263)	(263)
Other comprehensive income:							
Exchange differences on translation of foreign operations	—	—	—	—	2	—	2
Total comprehensive loss for the year	—	—	—	—	2	(263)	(261)
Dividends	—	—	—	—	—	(2,335)	(2,335)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	431	431
Shares issued	29	216	—	—	—	(210)	35
At 30 April 2017	5,640	22,335	18,507	—	—	11,618	58,100
Total comprehensive income for the year	—	—	—	—	—	1,424	1,424
Dividends	—	—	—	—	—	(2,356)	(2,356)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	295	295
Own shares acquired in the year	(304)	—	—	304	—	(226)	(226)
Shares issued	172	454	1,741	—	—	(455)	1,912
At 30 April 2018	**5,508**	**22,789**	**20,248**	**304**	**—**	**10,300**	**59,149**

A description of the nature and purpose of each reserve is included within note 28.

Consolidated balance sheet
at 30 April 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Intangible assets	12	**59,061**	58,471
Property, plant and equipment	13	**1,512**	1,498
Trade and other receivables	14	**1,759**	—
		62,332	59,969
Current assets			
Trade and other receivables	14	**30,829**	29,761
Cash and cash equivalents		**3,518**	6,715
		34,347	36,476
Total assets		**96,679**	96,445
Current liabilities			
Trade and other payables	15	**(17,268)**	(13,585)
Current tax liabilities		**(1,548)**	(843)
Provisions	17	**(783)**	(755)
		(19,599)	(15,183)
Net current assets		**14,748**	21,293
Non-current liabilities			
Trade and other payables	15	**(1,093)**	(335)
Borrowings	16	**(11,000)**	(17,000)
Provisions	17	**(414)**	(418)
Deferred tax	18	**(5,424)**	(5,409)
		(17,931)	(23,162)
Total liabilities		**(37,530)**	(38,345)
Net assets		**59,149**	58,100
Equity			
Share capital	20	**5,508**	5,640
Share premium		**22,789**	22,335
Merger reserve		**20,248**	18,507
Capital redemption reserve		**304**	—
Retained earnings		**10,300**	11,618
Equity attributable to owners of the company		**59,149**	58,100

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 9 July 2018. 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 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated by operations	23	**9,065**	7,974
Income taxes paid		**(980)**	(1,462)
Interest paid		**(558)**	(919)
Net cash from operating activities		**7,527**	5,593
Investing activities			
Purchase of property, plant and equipment	13	**(394)**	(289)
Purchase of intangible fixed assets	12	**(77)**	(8)
Deferred consideration payments		**(1,132)**	(1,144)
Acquisition of businesses	22	**(803)**	(1,773)
Net cash used in investing activities		**(2,406)**	(3,214)
Financing activities			
Dividends paid	10	**(2,356)**	(2,335)
Proceeds on issue of SIP scheme shares		**38**	37
Repayment of loans		**(6,000)**	(1,000)
Net cash used in financing activities		**(8,318)**	(3,298)
Net decrease in cash and cash equivalents		**(3,197)**	(919)
Cash and cash equivalents at beginning of year		**6,715**	7,634
Cash and cash equivalents at end of year		**3,518**	6,715

Notes to the consolidated financial statements
for the year ended 30 April 2018

1. General information
Begbies Traynor Group plc is a company incorporated in England and Wales 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 IRFS Interpretations Committee ('IFRS IC').

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 committed banking facilities of £25.0 million, of which £7.5 million was utilised (£11 million drawn less £3.5 million of cash balances) at 30 April 2018.

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.

Adjusted performance measures
Management believes that adjusted performance measures provide meaningful information to the users of the accounts on the performance of the business and are the performance measures used by the board. Accordingly, adjusted measures of operating profit, profit before tax and earnings per share exclude, where applicable, transaction costs, amortisation of intangible assets arising on acquisitions, refinancing costs and related tax effects on these items.

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

(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 if all three of the following are achieved: power over the investee, exposure to variable returns for the investee, and the ability of the investor to use its power to affect those variable returns.

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

2. Accounting policies continued

(c) Business combinations continued

Consideration paid in advance of the service obligation being delivered is recognised as an asset within trade and other receivables. The balance is disclosed within current assets for service obligations in less than 12 months and in non-current assets for service obligations after more than 12 months. In the event that the service obligations have been delivered in advance of the payment being made, the resultant liability is recognised within trade and other payables.

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.

Transaction costs are recognised in the consolidated statement of comprehensive income as incurred and separately disclosed due to the nature of this expense.

(d) 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 within administrative expenses in the consolidated statement of comprehensive income 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	10%–50% of fair value at acquisition

(e) 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.

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

2. Accounting policies continued
(f) Impairment of tangible and intangible assets
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.

(g) 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 and other receivables
Trade receivables are initially recognised at fair value, and then subsequently stated at amortised cost less allowances for estimated irrecoverable amounts.

Other receivables are stated at their fair value.

Trade and other payables
Trade and other payables are initially stated at their fair value and subsequently at 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.

(h) 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.

(i) 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

(j) 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. Where amounts are billed in advance of the services being provided, these are included within deferred income within trade and other payables.

For contingent fee engagements, revenue is only recognised (over and above any agreed minimum fee) when, at the balance sheet date, the outcome to the transaction can be estimated reliably.

(k) 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.

(l) Pensions and retirement benefits

The group operates a defined contribution scheme in the United Kingdom for all qualifying 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.

(m) 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.

(n) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid to shareholders. In the case of final dividends, this is when approved by the shareholders at the AGM.

(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 to 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 2018

2. Accounting policies continued
(p) Charge arising under Begbies Traynor London (LLP) put and call option
The anticipated liability to the group under this option (as detailed in the directors remuneration report) is charged to the consolidated statement of comprehensive income as earned, and included as a transaction cost within administrative expenses.

(q) Critical accounting judgements and other 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.

(r) Other sources of estimation uncertainty
Intangible assets in a business combination
On the acquisition of a business the identifiable intangible assets may include brands, customer relationships, customer contracts, order backlogs and websites. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows, the discount rate and the expected contingent consideration payable would change the valuation of the intangible assets and the resulting gain on acquisition recognised. Details of the assumptions made in relation to current year acquisitions are in note 22.

(s) Recently issued accounting pronouncements
International Financial Reporting Standards
The following new amendment has been applied in these financial statements:

Amendment to IAS 7 'Statement of Cash Flows'.

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

IFRS 15 'Revenue from Contracts with Customers'
The IASB has issued a new standard for the recognition of revenue, which will replace IAS 18 'Revenue' (which covers contracts for goods and services) and IAS 11 'Construction Contracts'.

IFRS 15 sets out the principles for recognising revenue from contracts with customers and will require the group to use a five step approach to allocate the revenue earned from contracts to individual performance obligations.

The impact of the standard on the group has been assessed and is not expected to materially impact the amount and/or timing of revenue recognition from services provided.

IFRS 16 'Leases'
IFRS 16 replaces the existing accounting requirements in IAS 17 'Leases'. A single model for lessees will be required, eliminating off balance sheet accounting for non-exempt operating leases. Related lease assets and liabilities will therefore come onto the balance sheet and the presentation and timing of income and expense recognition in the income statement will change.

The impact of the standard on the group is currently being assessed, and the group anticipates that it will have a material impact on the financial statements, including operating profit, profit before tax, total assets and total liabilities.

IFRS 9 'Financial Instruments'
IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement'. The standard introduces a new impairment model based on expected credit losses. The impact of the standard on the group is currently being assessed.

2. Accounting policies continued

(t) Reserves restatement

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

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

3. Revenue

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

	2018 £'000	2017 £'000
Continuing operations		
Rendering of professional services	**52,441**	49,685
Other income	**400**	397
	52,841	50,082

4. Business segments

The group's operating segments are established on the basis of the components of the group that are evaluated regularly by the chief operating decision maker. The group comprises two operating segments: business recovery and advisory services, and property services.

Segmental information about these businesses is presented below.

Continuing operations	Business recovery and advisory services 2018 £'000	Property services 2018 £'000	Consolidated 2018 £'000
Revenue			
Total revenue from rendering of professional services	**38,273**	**14,288**	**52,561**
Inter-segment revenue	**—**	**(120)**	**(120)**
External revenue	**38,273**	**14,168**	**52,441**
Segmental result	**7,563**	**3,132**	**10,695**
Shared and central costs			**(4,636)**
Operating profit before amortisation and transaction costs			**6,059**
Transaction costs			**(1,364)**
Amortisation of intangible assets arising on acquisitions			**(1,917)**
Operating profit			**2,778**
Finance costs			**(482)**
Profit before tax			**2,296**
Tax			**(872)**
Profit for the financial year			**1,424**
Balance sheet			
Assets			
Segment assets	**85,928**	**7,233**	**93,161**
Unallocated corporate assets			**3,518**
Consolidated total assets			**96,679**
Liabilities			
Segment liabilities	**(15,085)**	**(4,473)**	**(19,558)**
Unallocated corporate liabilities			**(17,972)**
Consolidated total liabilities			**(37,530)**
Net assets			**59,149**

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

4. Business segments continued
Unallocated amounts include current and deferred tax liabilities, cash and financial liabilities and other central assets and liabilities.

	Business recovery and advisory services 2018 £'000	Property services 2018 £'000	Consolidated 2018 £'000
Other information			
Non-current assets additions from acquisitions	**2,276**	**444**	**2,720**
Capital and software additions	**412**	**59**	**471**
Depreciation and software amortisation	**545**	**125**	**670**

Continuing operations	Business recovery and advisory services 2017 £'000	Property services 2017 £'000	Consolidated 2017 £'000
Revenue			
Total revenue from rendering of professional services	36,231	13,524	49,755
Inter-segment revenue	—	(70)	(70)
External revenue	36,231	13,454	49,685
Segmental result	7,353	2,900	10,253
Shared and central costs			(4,626)
Operating profit before amortisation and transaction costs			5,627
Transaction costs			(1,545)
Amortisation of intangible assets arising on acquisitions			(2,439)
Operating profit			1,643
Finance costs			(1,001)
Profit before tax			642
Tax			(429)
Profit for the financial year			213
Balance sheet			
Assets			
Segment assets	81,388	8,342	89,730
Unallocated corporate assets			6,715
Consolidated total assets			96,445
Liabilities			
Segment liabilities	(10,884)	(4,209)	(15,093)
Unallocated corporate liabilities			(23,252)
Consolidated total liabilities			(38,345)
Net assets			58,100

4. Business segments continued

	Business recovery and advisory services 2017 £'000	Property services 2017 £'000	Consolidated 2017 £'000
Other information			
Non-current assets additions from acquisitions	116	2,553	2,669
Capital and software additions	272	25	297
Depreciation and software amortisation	749	194	943

Geographical segments

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

5. Discontinued operations

In the year ended 30 April 2015 the group discontinued its global risk partners division. In the prior year, a post-tax impairment charge of £476,000 was recognised in the year against deferred consideration receivable.

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

6. Profit (loss) for the year

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

	Continuing		Discontinued		Total	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Net foreign exchange loss (gain)	**3**	(7)	**—**	—	**3**	(7)
Depreciation of property, plant and equipment	**488**	769	**—**	—	**488**	769
Amortisation of intangible assets	**2,099**	2,613	**—**	—	**2,099**	2,613
Loss on disposal of property, plant and equipment	**—**	13	**—**	—	**—**	13
Staff costs (note 7)	**31,121**	28,081	**—**	—	**31,121**	28,081
Operating lease rentals payable	**2,687**	2,756	**—**	—	**2,687**	2,756
Impairment of receivable balances (note 14)	**466**	404	**—**	—	**466**	404
Impairment of deferred consideration receivable (note 5)	**—**	—	**—**	594	**—**	594
Reversal of impairment losses recognised on trade receivables (note 14)	**(247)**	(46)	**—**	—	**(247)**	(46)

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

6. Profit (loss) for the year continued
During the year, the group obtained the following services from the group's auditor, at the costs detailed below:

	2018 £'000	2017 £'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	**74**	70
Total audit fees	**104**	100
– other advisory services	**8**	37
Total non-audit fees	**8**	37

During the year, the group incurred transaction costs as detailed below:

	2018 £'000	2017 £'000
Deemed remuneration	**1,678**	1,420
Acquisition costs	**117**	141
Gain on acquisition (note 22)	**(1,189)**	(351)
Charge arising under Begbies Traynor London (LLP) put and call option	**758**	335
Total transaction costs	**1,364**	1,545

These transaction costs are all included within administrative expenses.

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

	2018 number	2017 number
Partners and consultants	**47**	44
Fee earning staff	**360**	351
Support staff	**149**	143
	556	538

	2018 £'000	2017 £'000
Their aggregate remuneration comprised:		
Wages, salaries and partners' profit share	**27,493**	24,771
Social security costs	**2,130**	1,792
Pension costs (note 26)	**1,203**	1,087
Share-based payments	**295**	431
	31,121	28,081

7. Staff costs continued
Directors' remuneration

	2018 £'000	2017 £'000
Short-term benefits	**1,667**	1,396
Share-based payments	**2**	5
	1,669	1,401

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

No directors participated in the group's defined contribution pension scheme during either year.

8. Finance costs

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

9. Tax

	Continuing		Discontinued		Total	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Current tax charge (credit)	**1,224**	991	**—**	(118)	**1,224**	873
Adjustment in respect of prior year	**(4)**	(2)	**—**	—	**(4)**	(2)
Total current tax charge (credit)	**1,220**	989	**—**	(118)	**1,220**	871
Deferred tax credit (note 18)	**(244)**	(560)	**—**	—	**(244)**	(560)
Adjustment in respect of prior year	**(104)**	—	**—**	—	**(104)**	—
Total deferred tax credit	**(348)**	(560)	**—**	—	**(348)**	(560)
Total income tax charge (credit)	**872**	429	**—**	(118)	**872**	311

Corporation tax is calculated at 19% (2017: 19.92%) 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:

	2018 £'000	2017 £'000
Profit before tax from continuing operations	**2,296**	642
Loss before tax from discontinued operations	**—**	(594)
Profit before tax	**2,296**	48
Notional tax charge at the UK corporation tax rate of 19% (2017: 19.92%)	**436**	10
Adjustments in respect of current income tax of prior years	**(108)**	(2)
Tax effect of expenses that are not deductible in determining taxable profit	**544**	603
Impact of change in tax rate	**—**	(300)
Total tax expense reported in the consolidated statement of comprehensive income	**872**	311

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

10. Dividends

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the year		
Interim dividend for the year ended 30 April 2017 of 0.6 pence (2016: 0.6 pence) per share	**640**	637
Final dividend for the year ended 30 April 2017 of 1.6 pence (2016: 1.6 pence) per share	**1,716**	1,698
	2,356	2,335
Amounts proposed as distributions to equity holders		
Interim dividend for the year ended 30 April 2018 of 0.7 pence (2017: 0.6 pence) per share	**771**	640
Final dividend for the year ended 30 April 2018 of 1.7 pence (2017: 1.6 pence) per share	**1,872**	1,707
	2,643	2,347

The proposed final dividend is subject to approval by shareholders at the annual general meeting in September 2018. The interim dividend for 2018 was not paid until 10 May 2018 and, accordingly, has not been included as a liability in these financial statements nor as a distribution to equity shareholders.

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

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

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

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

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:

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

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

12. Intangible assets

	Goodwill £'000	Software £'000	Intangible assets arising on acquisitions £'000	Total £'000
Cost				
At 1 May 2016	50,129	1,721	16,534	68,384
Arising on acquisitions	—	—	2,669	2,669
Additions	—	8	—	8
At 30 April 2017	50,129	1,729	19,203	71,061
Arising on acquisitions	84	—	2,528	2,612
Additions	—	77	—	77
At 30 April 2018	**50,213**	**1,806**	**21,731**	**73,750**
Amortisation and impairment				
At 1 May 2016	—	1,011	8,966	9,977
Amortisation during the year	—	174	2,439	2,613
At 30 April 2017	—	1,185	11,405	12,590
Amortisation during the year	—	182	1,917	2,099
At 30 April 2018	**—**	**1,367**	**13,322**	**14,689**
Carrying amount				
At 30 April 2018	**50,213**	**439**	**8,409**	**59,061**
At 30 April 2017	50,129	544	7,798	58,471
At 30 April 2016	50,129	710	7,568	58,407

The carrying value of intangible assets arising on acquisitions comprises brands of £2,680,000 (2017: £2,607,000), customer relationships of £3,832,000 (2017: £3,312,000), customer contracts of £849,000 (2017: £1,376,000), order backlog of £67,000 (2017: £225,000), order book of £734,000 (2017: nil) and websites of £247,000 (2017: £278,000). The remaining useful economic lives of intangible assets arising on acquisition are between one and nine years.

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.

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

12. Intangible assets continued
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. A 20 year period has been used as the directors believe this is an appropriate period to reflect insolvency numbers over an economic cycle.

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 anticipated insolvency numbers over an economic cycle, together with 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
- operating profit margins.

Pre-tax discount rate
The group's post-tax weighted average cost of capital has been used to calculate a group pre-tax discount rate of 10% (2017: 10.5%), 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.

Operating profit margins
Operating profit margins in the one year forecast are derived from local partners' expectations based on the number of current engagements and cost base. Margins over the extrapolation period are forecast 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 2016	4,280	1,406	2,911	14	8,611
Arising on acquisition	—	7	5	—	12
Additions	31	23	235	—	289
Disposals	(23)	(12)	(7)	(14)	(56)
At 30 April 2017	4,288	1,424	3,144	—	8,856
Arising on acquisition	26	11	19	52	108
Additions	6	72	316	—	394
Disposals	(219)	(1)	—	—	(220)
At 30 April 2018	**4,101**	**1,506**	**3,479**	**52**	**9,138**
Depreciation and impairment					
At 1 May 2016	3,074	1,104	2,441	13	6,632
Charge for the year	373	161	235	—	769
Disposals	(19)	(9)	(2)	(13)	(43)
At 30 April 2017	3,428	1,256	2,674	—	7,358
Charge for the year	188	81	215	4	488
Disposals	(219)	(1)	—	—	(220)
At 30 April 2018	**3,397**	**1,336**	**2,889**	**4**	**7,626**
Carrying amount					
At 30 April 2018	**704**	**170**	**590**	**48**	**1,512**
At 30 April 2017	860	168	470	—	1,498
At 30 April 2016	1,206	302	470	1	1,979

14. Trade and other receivables

	2018 £'000	2017 £'000
Non-current		
Deemed remuneration	**1,759**	—
Current		
Trade receivables	**5,658**	5,341
Unbilled income	**21,719**	20,809
Other debtors and prepayments	**2,153**	2,908
Deemed remuneration	**1,299**	703
	30,829	29,761

Trade receivables do not carry interest and are stated net of allowances for doubtful receivables of £1,082,000 (2017: £1,020,000).

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 day terms. Refer to note 19 for disclosures on credit risk.

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

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
2018	**5,658**	**4,348**	**618**	**692**
2017	5,341	3,451	888	1,002

Movement in the allowance for doubtful debts

	2018 £'000	2017 £'000
Balance at beginning of the year	**1,020**	852
Amounts arising on acquisition	**—**	19
Amounts written off during the year	**(157)**	(209)
Amounts recovered during the year	**(247)**	(46)
Increase in allowance recognised in profit or loss	**466**	404
Balance at end of the year	**1,082**	1,020

15. Trade and other payables

	2018 £'000	2017 £'000
Current		
Trade payables	**1,414**	1,258
Accruals	**6,902**	4,553
Other taxes and social security	**2,319**	2,363
Deferred income	**1,807**	1,984
Other creditors	**4,249**	3,088
Deemed remuneration liabilities	**577**	339
	17,268	13,585
Non-current		
Deemed remuneration liabilities	**1,093**	335

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

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

In addition to the deemed remuneration liabilities recognised above of £1.7m, there are further anticipated obligations based on current forecasts of £3.0m as a result of acquisitions where the service obligations of the selling shareholders have not yet been delivered.

16. Borrowings

	2018 £'000	2017 £'000
Unsecured borrowing at amortised cost		
Bank loans	**11,000**	17,000
Total borrowings	**11,000**	17,000
Amount due for settlement after 12 months	**11,000**	17,000

16. Borrowings continued

The group's principal banking facilities at 30 April 2018 comprise an unsecured, revolving credit facility ('RCF') of £25 million and an uncommitted acquisition facility of £5 million which were entered into on 1 November 2016. The principal features of these borrowings are summarised as follows:

- RCF of £25 million provided by HSBC, of which £11 million was drawn at 30 April 2018 (2017: £17 million). The effective interest rate was 3.5%; together with
- uncommitted acquisition facility of £5 million provided by HSBC, which was undrawn at 30 April 2018 (2017: undrawn).

The group's banking facilities mature on 31 August 2021.

All borrowings and cash balances are denominated in sterling. The directors consider that the fair values of the group's financial instruments approximate to their book value.

17. Provisions

	Disposal provisions £'000	Property exit provisions £'000	Total £'000
At 1 May 2017	515	658	1,173
Charged in the year	—	322	322
Arising on acquisition	—	150	150
Utilised	(248)	(200)	(448)
At 30 April 2018	**267**	**930**	**1,197**
Current liabilities	50	733	783
Non-current liabilities	217	197	414
At 30 April 2018	**267**	**930**	**1,197**

Disposal provisions include liabilities arising from warranty and onerous contract obligations relating to discontinued businesses.

Property exit provisions relate to anticipated dilapidation costs on property leases, together with onerous lease commitments where the space is vacant, which is calculated as the difference between future expected costs of onerous leasehold property net of any estimated income.

The non-current elements of the provisions are all expected to be utilised in the periods up to 30 April 2021.

18. Deferred tax

The following are the deferred tax (liabilities) assets 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 2016	(4,332)	(1,179)	3	(5,508)
(Charge) credit to income	(108)	369	(1)	260
Arising on acquisitions	—	(461)	—	(461)
Income statement effect of change in tax rate	259	39	2	300
At 30 April 2017	(4,181)	(1,232)	4	(5,409)
(Charge) credit to income	(82)	192	134	244
Arising on acquisitions	—	(469)	106	(363)
Prior year adjustment	—	—	104	104
At 30 April 2018	**(4,263)**	**(1,509)**	**348**	**(5,424)**

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

18. Deferred tax continued
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:

	2018 £'000	2017 £'000
Deferred tax liabilities	**(5,844)**	(5,643)
Deferred tax assets	**420**	234
	(5,424)	(5,409)

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 2018 and net assets at that date would decrease by £41,000 (2017: £56,000). 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(j).

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.

19. Financial instruments continued

Liquidity risk continued

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

	At 30 April 2018				At 30 April 2017			
	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	**298**	**11,653**	**—**	**11,951**	433	18,400	—	18,833
Trade payables	**1,414**	**—**	**—**	**1,414**	1,258	—	—	1,258
Deemed remuneration liabilities	**577**	**1,093**	**—**	**1,670**	339	335	—	674
	2,289	**12,746**	**—**	**15,035**	2,030	18,735	—	20,765

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:

	2018 £'000	2017 £'000
Shareholders' funds	**59,149**	58,100
Bank borrowings	**11,000**	17,000
At 30 April	**70,149**	75,100

Categories of financial instruments

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

	2018 £'000	2017 £'000
Financial assets		
Trade receivables	**5,658**	5,341
Cash at bank	**3,518**	6,715
	9,176	12,056
Financial liabilities		
Trade payables	**(1,414)**	(1,258)
Deemed remuneration liabilities	**(1,670)**	(674)
Bank borrowings	**(11,000)**	(17,000)
	(14,084)	(18,932)

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

20. Share capital

	2018 thousand	2017 thousand	2018 £'000	2017 £'000
Allotted, called up and fully paid				
Ordinary shares of 5 pence				
At 1 May	**106,704**	106,118	**5,336**	5,307
Staff SIP scheme	**60**	74	**3**	4
Issue of shares for share-based payments	**692**	512	**35**	25
Consideration for acquisitions	**2,671**	—	**134**	—
At 30 April	**110,127**	106,704	**5,508**	5,336
Allotted, called up but not fully paid				
A ordinary shares of 3 pence				
At 1 May	**—**	4,868	**—**	146
Cancellation of shares	**—**	(4,868)	**—**	(146)
At 30 April	**—**	—	**—**	—
Allotted, called up and fully paid				
Deferred shares of 1 pence				
At 1 May	**30,378**	15,774	**304**	158
Conversion of shares	**—**	14,604	**—**	146
Cancellation of shares	**(30,378)**	—	**(304)**	—
At 30 April	**—**	30,378	**—**	304
Issued share capital	**110,127**	137,082	**5,508**	5,640

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, 30,377,784 deferred shares were repurchased by the company for total consideration of £1 and cancelled, in accordance with the resolution approved by shareholders at the annual general meeting in September 2017.

21. Share-based payments

Share option scheme

The group operates a share option scheme which is settled in ordinary shares.

Additional share options were issued during the year. The exercise of the grants is subject to the following: 50% have no performance conditions; 25% require an overall increase in adjusted earnings per share over a three year period of RPI plus 2.5%; and 25% require average total shareholder return to exceed that of a comparator group over a three year period.

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

Employee Shareholder Status (ESS) shares

Certain Eddisons employees have Employee Shareholder Status shares, which can be converted into ordinary shares in Begbies Traynor Group plc subject to the performance of the Eddisons business.

Share-based payments were valued using the Black-Scholes option pricing model with the following assumptions:

Grant date	Share option scheme 25 October 2013	Share option scheme 25 July 2014	ESS 17 October 2016	Share option scheme 31 October 2017	Share option scheme 25 April 2018
Share price at grant date (pence)	38	52	48	63	69
Exercise price (pence)	37	51	—	63	68
Vesting period (years)	3	3	1–3	3	3
Time to expiry (years)	10	10	1–3	10	10
Expected volatility (%)	23	25	8	17	17
Risk free rate (%)	0.8	0.8	0.5	0.5	0.5
Expected dividend yield (%)	6.2	6.2	4.4	3.6	3.5
Fair value per option (pence)	3.3	9.8	48	4.4	5.4

The expected volatility has been determined based on historical volatility of the group's share price over the last three 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.

Details of movements in shares under option during the year are as follows:

	2018		2017	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
	thousand	**£**	thousand	£
Outstanding at 1 May	**4,795**	**0.26**	8,343	0.45
Granted during the period	**2,250**	**0.63**	1,695	—
Exercised during the period	**(1,608)**	**0.17**	(375)	0.37
Expired during the period	**(300)**	**0.62**	(4,868)	0.48
Outstanding at 30 April	**5,137**	**0.43**	4,795	0.26
Exercisable at 30 April	**975**	**0.37**	1,725	0.37

The group recognised an expense of £295,000 (2017: £431,000) in relation to equity-settled share-based payments.

The weighted average share price at the date of exercise for options exercised in the year was 68 pence.

The range of exercise prices for options outstanding at 30 April 2018 is between nil and 63 pence. The weighted average remaining contractual life for share options outstanding is 6.5 years.

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

22. Acquisitions
CJM Asset Management
On 6 February 2018 the group acquired the entire issued share capital of Fyrebrand Limited trading as CJM Asset Management, a specialist industrial plant and machinery auctioneer.

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	344	345
Property, plant and equipment	73	—	73
Trade and other receivables	96	(40)	56
Cash and cash equivalents	102	—	102
Trade and other payables	(86)	(10)	(96)
Provisions	—	(50)	(50)
Corporation tax	(22)	—	(22)
Deferred tax	—	(43)	(43)
Total identifiable assets	164	201	365
Satisfied by:			
Cash			150
Equity instruments (134,462 ordinary shares in Begbies Traynor Group plc)			100
Initial consideration			250
Contingent consideration			225
Payment due in respect of net working capital acquired			38
Less: amounts treated as deemed remuneration			(475)
Total consideration			38
Gain on acquisition			327
Cash outflows arising on acquisition			
Cash consideration			150
Less: cash and cash equivalents acquired			(102)
			48

Fair value adjustments of £344,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 12.

Under the terms of the acquisition, additional contingent consideration of up to £225,000 will become payable subject to the achievement of financial targets for the consolidated machinery and business asset disposal business (representing the pre-existing Eddisons business merged with CJM) in the three year period directly following completion. Any additional consideration is calculated according to an agreed formula and payable in cash.

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

Acquisition costs of £30,000 have been charged to the statement of comprehensive income as a transaction cost.

The acquisition contributed £0.2 million of revenue and £0.1 million to the group's adjusted 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 £53.4 million and group profit before tax would have been £2.3 million.

22. Acquisitions continued

Springboard Corporate Finance

On 6 March 2018 the group acquired the entire issued share capital of Springboard Corporate Finance Limited, a corporate finance practice.

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	—	1,910	1,910
Property, plant and equipment	35	—	35
Trade and other receivables	120	(7)	113
Cash and cash equivalents	1,910	—	1,910
Trade and other payables	(257)	(6)	(263)
Provisions	—	(100)	(100)
Corporation tax	(443)	—	(443)
Deferred tax	(6)	(320)	(326)
Total identifiable assets	1,359	1,477	2,836
Satisfied by:			
Cash			1,375
Equity instruments (1,884,568 ordinary shares in Begbies Traynor Group plc)			1,375
Initial consideration			2,750
Contingent consideration			500
Initial payment re cash at completion subject to completion accounts adjustments			1,250
Final payment due following completion accounts adjustments			36
Less: amounts treated as deemed remuneration			(2,562)
Total consideration			1,974
Gain on acquisition			862
Cash outflows arising on acquisition			
Cash consideration			2,625
Less: cash and cash equivalents acquired			(1,910)
			715

Fair value adjustments of £1,910,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 12.

Under the terms of the acquisition, additional contingent consideration of up to £500,000 will become payable subject to the achievement of financial targets in the five year period directly following completion. The contingent consideration is calculated according to an agreed formula and is payable in cash.

A proportion of the initial consideration and all contingent consideration payable for this acquisition requires post-acquisition service obligations to be performed by the selling shareholders over a five year period. These amounts are treated as deemed remuneration and charged to the consolidated statement of comprehensive income over the period of the obligation.

Acquisition costs of £57,000 have been charged to the statement of comprehensive income as a transaction cost.

The acquisition contributed £0.4 million of revenue and £0.1 million to the group's adjusted 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 £54.3 million and group profit before tax would have been £2.9 million.

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

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

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	—	273	273
Trade and other receivables	538	(400)	138
Trade and other payables	(236)	(240)	(476)
Deferred tax	—	21	21
Total identifiable assets	302	(346)	(44)
Satisfied by:			
Cash			40
Total consideration			40
Goodwill			84

Fair value adjustments of £273,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 12.

The amounts recognised above are provisional estimates. There have been no material changes to prior year estimates.

Reconciliation of cash outflows from acquisition of businesses

	2018 £'000	2017 £'000
Cash consideration	**(1,565)**	(2,000)
Payments re cash at completion	**(1,250)**	(146)
Cash and cash equivalents acquired	**2,012**	373
Net cash and cash equivalents acquired	**762**	227
Net cash outflow from acquisition of businesses	**(803)**	(1,773)

23. Reconciliation to the cash flow statement

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

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 2018 or 30 April 2017.

25. Operating lease arrangements

The group as lessee

	2018 £'000	2017 £'000
Minimum lease payments under operating leases recognised as an expense in the year	**2,687**	2,756

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:

	2018 £'000	2017 £'000
Within one year	**2,105**	1,821
In the second to fifth years inclusive	**3,385**	3,360
After five years	**105**	526
	5,595	5,707

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.

The group as lessor

Rental income earned during the year was £133,000 (2017: £133,000). At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments:

	2018 £'000	2017 £'000
Within one year	**161**	161
In the second to fifth years inclusive	**40**	201
	201	362

Notes to the consolidated financial statements continued
for the year ended 30 April 2018

25. Operating lease arrangements continued
The group as lessor continued
Operating lease income represents rental income receivable by the group, which is committed for the next year.

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

The total cost charged to income of £1,203,000 (2017: £1,087,000) represents contributions payable to these schemes by the group. As at 30 April 2018, contributions of £113,000 (2017: £100,000) 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.

Trading transactions
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 £155,500 (2017: £720,500). At 30 April 2018 £nil (2017: £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 (2017: £85,000). At 30 April 2018 £nil (2017: £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 (2017: £24,000) was paid by entities within the group for this service during the year. At 30 April 2018 £6,000 (2017: £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 continues to provide a number of central support services to Red Flag for which £96,000 was payable by Red Flag during the year (2017: £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 (2017: £150,000). Rent of £nil was paid to the group by Red Flag during the year (2017: £22,000). At 30 April 2018 £201,000 (2017: £140,000) was owed by Red Flag A!ert LLP.

Key management personnel
The remuneration of the directors, who are the key management personnel of the group, is set out in the directors' remuneration report on page 14.

28. Reserves
The following describes the nature and purpose of each reserve within owners' equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Formation of the group in 2004, and premium for shares issued on acquisitions in accordance with Companies Act requirements.
Capital redemption reserve	Repurchase of own share capital.
Translation reserve	Exchange differences arising on the retranslation of reserves of foreign subsidiaries.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

29. Reconciliation of movement in net debt

	Cash and cash equivalents £'000	Non-current borrowings £'000	Net debt £'000
At 1 May 2017	6,715	(17,000)	(10,285)
Cash flows	2,041	—	2,041
Repayment of non-current borrowings	(6,000)	6,000	—
Net cash and cash equivalents acquired (note 22)	762	—	762
At 30 April 2018	**3,518**	**(11,000)**	**(7,482)**

Company balance sheet
at 30 April 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investment in subsidiaries	4	**35,737**	31,868
Current assets			
Trade and other receivables	5	**31,381**	33,207
Creditors: amounts falling due within one year			
Trade and other payables	6	**(1,413)**	(484)
Net current assets		**29,968**	32,723
Total assets less current liabilities		**65,705**	64,591
Creditors: amounts falling due after more than one year			
Trade and other payables	6	**(500)**	(711)
Net assets		**65,205**	63,880
Capital and reserves			
Called-up share capital	7	**5,508**	5,640
Share premium account		**22,789**	22,335
Merger reserve		**20,248**	18,507
Capital redemption reserve		**304**	—
Profit and loss account		**16,356**	17,398
Shareholders' funds		**65,205**	63,880

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 2018 of £1,782,000 (2017: £1,203,000).

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 9 July 2018. They were signed on its behalf by:

Ric Traynor
Executive chairman

Nick Taylor
Group finance director

Company statement of changes in equity
for the year ended 30 April 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2016 as previously reported	5,611	23,042	17,584	—	18,509	64,746
Restatement	—	(923)	923	—	—	—
At 1 May 2016 restated	5,611	22,119	18,507	—	18,509	64,746
Profit for the year	—	—	—	—	1,203	1,203
Dividends	—	—	—	—	(2,335)	(2,335)
Credit to equity for equity-settled share-based payments	—	—	—	—	21	21
Shares issued	29	216	—	—	—	245
At 30 April 2017	5,640	22,335	18,507	—	17,398	63,880
Profit for the year	—	—	—	—	1,782	1,782
Dividends	—	—	—	—	(2,356)	(2,356)
Credit to equity for equity-settled share-based payments	—	—	—	—	6	6
Own shares acquired in the year	(304)	—	—	304	(226)	(226)
Shares issued	172	454	1,741	—	(248)	2,119
At 30 April 2018	**5,508**	**22,789**	**20,248**	**304**	**16,356**	**65,205**

Notes to the company financial statements
for the year ended 30 April 2018

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 investments are 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.

Where shares are issued to employees of subsidiaries, this is treated as part of the cost of investment in that subsidiary.

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.

The directors do not consider there to be any critical accounting judgements or key sources of uncertainty.

FRS 102 exemption
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.

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

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

2. 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 102, and the Companies Act 2006.

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
The company has no employees (2017: 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 2016	31,338
Additions	530
At 30 April 2017	31,868
Additions	3,869
At 30 April 2018	**35,737**

Notes to the company financial statements continued
for the year ended 30 April 2018

4. Investment in subsidiaries continued
The additions in the year relate to an increase in investment in Eddisons Commercial Holdings Limited resulting from an increase in the estimated contingent consideration payable; shares issued in relation to the conversion of ESS shares in the year, which are treated as a capital contribution; and the acquisition of Springboard Corporate Finance Limited.

Details of subsidiary entities are set out below. These undertakings are included in the consolidated group financial statements and are 100% controlled. Companies are listed under their registered office.

Subsidiary undertaking	Nature of business	Country of incorporation
340 Deansgate, Manchester M3 4LY		
Begbies Traynor Limited[1]	Holding company	England and Wales
BTG Consulting Limited[1]	Holding company	England and Wales
Begbies Traynor International Limited[1]	Holding company	England and Wales
Begbies Traynor (Central) LLP	Business recovery	England and Wales
Begbies Traynor (London) LLP	Business recovery	England and Wales
Begbies Traynor (SY) LLP	Business recovery	England and Wales
BTG Advisory (CF) LLP	Corporate finance	England and Wales
BTG Corporate Finance LLP	Corporate finance	England and Wales
BTG Advisory (Investigations) Limited (formerly Begbies Traynor (Investigations) Limited)	Investigation agency	England and Wales
BTG Advisory LLP (formerly BTG Financial Consulting LLP)	Financial consulting	England and Wales
BTG Global Advisory Limited	International network organisation	England and Wales
BTG Corporate Solutions Ltd	Business recovery	England and Wales
Hudson Traynor LLP	Business recovery	England and Wales
Springboard Corporate Finance Limited[1]	Corporate finance	England and Wales
Insolvency Advice Limited[1]	Dormant	England and Wales
Begbies Traynor Legal Services LLP	Dormant	England and Wales
Begbies Traynor (Isle of Man) Limited	Dormant	Isle of Man
BTG Tax LLP	Dormant	England and Wales
BTG Risk LLP	Dormant	England and Wales
Toronto Square, Toronto Street, Leeds LS1 2HJ		
Eddisons Commercial (Holdings) Limited[1]	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
Pugh Auction Group Limited	Holding company	England and Wales
Pugh 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
TBS&V Ltd	Property consultancy	England and Wales
Pugh & Company Limited	Auctioneers	England and Wales
CJM Asset Management Limited (formerly Fyrebrand Limited)	Property consultancy	England and Wales
Philip Davies & Sons (Group) Limited	Dormant	England and Wales
Taylors Business Surveyors and Valuers Limited	Dormant	England and Wales
Theauctionpeople.co Limited	Dormant	England and Wales
c/o S&P Consulting S.L, Urb. Calypso, C.C. Valdepinos, 1 y 3 A 29649 Mijas Costa, Malaga, Spain		
Eddisons Spain S.L	Facilities management	Spain
c/o Schaffner & Orth, Kaiserhofstrasse 10, 60313 Frankfurt am Main, Deutschland		
Eddisons Germany GmbH	Facilities management	Germany

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

4. Investment in subsidiaries continued

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.

The following subsidiary undertakings have claimed exemption from audit under section 479A of the Companies Act 2006:

Subsidiary undertaking
BTG Corporate Finance LLP
BTG Advisory (Investigations) Limited (formerly Begbies Traynor (Investigations) Limited)
BTG Advisory LLP (formerly BTG Financial Consulting LLP)

5. Trade and other receivables

	2018 £'000	2017 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	**31,357**	32,957
Other debtors	**24**	250
	31,381	33,207

6. Trade and other payables

	2018 £'000	2017 £'000
Amounts falling due within one year		
Other creditors	**1,413**	484
Amounts falling due after more than one year		
Other creditors	**500**	711

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 values 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.

Notes to the company financial statements continued
for the year ended 30 April 2018

7. Share capital

	2018 thousand	2017 thousand	2018 £'000	2017 £'000
Allotted, called up and fully paid				
Ordinary shares of 5 pence				
At 1 May	**106,704**	106,118	**5,336**	5,307
Staff SIP scheme	**60**	74	**3**	4
Issue of shares for share-based payments	**692**	512	**35**	25
Consideration for acquisitions	**2,671**	—	**134**	—
At 30 April	**110,127**	106,704	**5,508**	5,336
Allotted, called up but not fully paid				
A ordinary shares of 3 pence				
At 1 May	**—**	4,868	**—**	146
Conversion of shares	**—**	(4,868)	**—**	(146)
At 30 April	**—**	—	**—**	—
Allotted, called up and fully paid				
Deferred shares of 1 pence				
At 1 May	**30,378**	15,774	**304**	158
Conversion of shares	**—**	14,604	**—**	146
Cancellation of shares	**(30,378)**	—	**(304)**	—
At 30 April	**—**	30,378	**—**	304
Issued share capital	**110,127**	137,082	**5,508**	5,640

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, 30,377,784 deferred shares were repurchased by the company for total consideration of £1 and cancelled, in accordance with the resolution approved by shareholders at the annual general meeting in September 2017.

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

Officers and professional advisors

Directors
R W Traynor
E N Taylor
M R Fry
R G McInnes
J M May
M Stupples (appointed 11 July 2017)

Secretary
J A Humphrey

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5120043

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Auditor
BDO LLP
Chartered accountants and statutory auditor
Leeds, United Kingdom

Registrar
Computershare Investor Services Plc
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Corporate and financial PR advisors
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