



Begbies Traynor Group plc

Annual Report  
and Accounts  
2015

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# Begbies Traynor Group plc

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

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

 More about us can be found on pages 3–6



**No.1**

we remain the UK's leading independent business recovery practice, handling the largest number of corporate appointments



**40**

the number of UK locations from which we operate



**549**

staff and partners at 30 April 2015



**25**

the number of UK-based banks who provided us with insolvency and restructuring appointments during the year

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# Highlights of the year

## Financial highlights<sup>1</sup>

	2015 £m	2014 £m
Revenue	45.4	44.1
Adjusted profit before tax <sup>2</sup>	3.6	5.4
(Loss) profit before tax	(0.7)	4.3
Adjusted basic EPS <sup>3</sup> (p)	2.9	4.7
Basic EPS (p)	(0.6)	3.7
Proposed total dividend (p)	2.2	2.2

<sup>1</sup> All figures stated from continuing operations following closure of loss-making global risk partners division

<sup>2</sup> Loss before tax from continuing operations of £0.7 million (2014: profit £4.3 million) plus amortisation of intangible assets arising on acquisitions of £1.4 million (2014: £0.3 million) plus exceptional and acquisition-related items of £2.9 million (2014: £0.8 million)

<sup>3</sup> See reconciliation in note 11

## Highlights

- Completed a £5.3 million placing of 13.1 million new ordinary shares to fund the Eddisons acquisition
- Net debt reduced to £12.8 million (2014: £14.5 million), after acquisition payments

## Operational overview

### Insolvency:

- Results reflect a 14% reduction in the number of UK corporate insolvencies in the year to 31 March 2015
- Retained market-leading position
- Streamlined our cost base and office network, resulting in exceptional costs
- Cost management has partially mitigated reduced revenue, delivering solid operating margins
- Acquired and fully integrated Ian Franses Associates and Broadbents Business Recovery Services which are trading profitably, in line with our expectations
- Invested in our London office during the year, with the team moving to new offices in Canary Wharf
- Launched BTG Global Advisory, our new international alliance of independent insolvency, restructuring and financial advisory firms operating in key global jurisdictions

### Property consultancy:

- Acquired Eddisons, a national firm of chartered surveyors with a specialism in the valuation and disposal of property and business assets, on 17 December 2014
- First five months of trading in line with our expectations
- Integration proceeding well with all key personnel retained and operating synergies being realised in line with our plans

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For more on who we are and what we do:

[www.begbies-traynorgroup.com](http://www.begbies-traynorgroup.com)

## Introduction

The year under review was one of significant change for the group. We completed the strategic acquisition of the Eddisons property consultancy in December 2014, as well as two bolt-on insolvency acquisitions. In addition we restructured our insolvency division in response to lower levels of market activity, incurring exceptional costs, together with discontinuing the loss-making global risk partners division.

The group is now focussed on two complementary operating divisions: Begbies Traynor, the insolvency, restructuring and investigations consultancy; and Eddisons, the property valuation and property management consultancy. We are positioned to take advantage of the cyclical nature of the insolvency market, where we have maintained our market-leading position by number of appointments, and to develop our property services consultancy. These complementary service lines should give the group a more balanced business across the economic cycle.

It was another challenging year for the insolvency industry with national volumes at their lowest level since 2007, impacting our insolvency caseload. There has also been a change in the means of generating SME insolvency cases in recent years with the increasing use of internet-based rather than traditional marketing techniques. We invested in this area initially through the acquisition of Cooper Williamson in October 2013 and have continued to invest in these marketing initiatives. These factors have impacted on the business and as a result we have streamlined our cost base and office network in the year. Unfortunately this resulted in exceptional costs being charged; however, further benefits from these cost reductions will be realised in the new financial year and beyond. In spite of the challenging market, the insolvency business continues to trade profitably with solid operating margins and generates strong operating cash flows.

The integration of Eddisons is proceeding in line with our plans and the first five months of post-acquisition trading were in line with our expectations. The group will benefit from a full 12 month contribution from the business in the new financial year.

The combination of current year restructuring costs and losses from our discontinued business resulted in a statutory loss for the year as a whole. However, following the actions completed over the last 12 months, together with the acquisition of Eddisons,

the group is well placed to return to profit in future years.

Our continued focus on cash management has resulted in a reduction in net debt to £12.8 million (2014: £14.5 million), after acquisition payments, which has enabled the board to recommend a maintained dividend for the year. We thank shareholders and employees for their continued support and patience in what is a transitional period for the group.

## Results

Group revenue from continuing operations in the year ended 30 April 2015 was £45.4 million (2014: £44.1 million). Adjusted profit before tax<sup>1</sup> was £3.6 million (2014: £5.4 million). Exceptional and acquisition-related items (detailed in the finance review) totalled £2.9 million (2014: £0.8 million). Loss before tax was £0.7 million (2014: profit before tax £4.3 million). Statutory loss for the year was £1.6 million (2014: profit £3.0 million) after loss from discontinued operations.

Earnings per share from continuing operations<sup>2</sup>, adjusted for the net of tax impact of amortisation of intangible assets arising on acquisition, exceptional and acquisition-related items were 2.9 pence (2014: 4.7 pence). Basic and fully diluted loss per share from continuing operations were 0.6 pence (2014: earnings per share 3.7 pence).

Net debt after acquisition payments reduced by £1.7 million to £12.8 million at 30 April 2015 (2014: £14.5 million). Gearing reduced to 21% (2014: 24%) and the group retains significant headroom in its committed banking facilities. Interest cover<sup>3</sup> was 4.4 times (2014: 5.9 times). Net assets per share were 58 pence (2014: 65 pence).

<sup>1</sup> Loss before tax from continuing operations of £0.7 million (2014: profit £4.3 million) plus amortisation of intangible assets arising on acquisitions of £1.4 million (2014: £0.3 million) plus exceptional and acquisition-related items of £2.9 million (2014: £0.8 million)

<sup>2</sup> See reconciliation in note 11

<sup>3</sup> Before exceptional and acquisition-related items and amortisation of intangible assets arising on acquisitions

## Dividend

The board remains committed to a long-term progressive dividend policy, which reflects the potential for earnings growth. Having considered the results for the year, the level of retained earnings and the group's financial position, together with the outlook for the new financial year and the investment requirements of the

business, the board has recommended the total dividend be maintained at 2.2 pence (2014: 2.2 pence). This comprises the interim dividend already paid of 0.6 pence (2014: 0.6 pence) and a final dividend of 1.6 pence (2014: 1.6 pence).

The final dividend will be paid on 6 November 2015 to shareholders on the register on 9 October 2015, with an ex-dividend date of 8 October 2015.

## People

We are reliant on the expertise, professionalism and commitment of our people and I thank all of them for their contribution during another challenging year for our industry.

## Outlook

Financial performance in our insolvency division is directly related to the cyclical nature of the national insolvency market. The market as a whole remains difficult to predict although activity levels have stabilised over the last four quarters to 31 March 2015. However, there are no indications of a change in the benign financing environment in the UK and we therefore remain cautious about activity levels in this division in the near term. The restructuring of the division completed in the last financial year will result in a reduced cost base for the new financial year and we remain confident of the division's long-term performance.

The new financial year will benefit from a full year contribution from the Eddisons acquisition, which is expected to enhance our financial performance, delivering a stable level of profitability in line with its post-acquisition trading and maintain positive cash generation.

The combination of the reduced cost base in the insolvency division, the removal of losses from the discontinued business and the full year impact of the Eddisons acquisition leaves the group well placed in the new financial year and beyond. We will continue to look for opportunities to develop and enhance the business, both organically and through selective acquisitions.

An update on current trading will be provided at the time of the company's annual general meeting in September 2015.

**Ric Traynor**  
Executive chairman  
14 July 2015

# Where we operate

We provide our services via a comprehensive network spanning the whole of the UK, with offices in the following locations:



- |                 |                |
|-----------------|----------------|
| 1 Aberdeen      | 21 Hull        |
| 2 Bath          | 22 Lancaster   |
| 3 Belfast       | 23 Leeds       |
| 4 Birmingham    | 24 Liverpool   |
| 5 Blackpool     | 25 London      |
| 6 Bournemouth   | 26 Manchester  |
| 7 Bradford      | 27 Newcastle   |
| 8 Brighton      | 28 Nottingham  |
| 9 Bristol       | 29 Oxford      |
| 10 Cambridge    | 30 Portsmouth  |
| 11 Cardiff      | 31 Preston     |
| 12 Cheltenham   | 32 Salisbury   |
| 13 Chester      | 33 Sheffield   |
| 14 Derby        | 34 Southampton |
| 15 Doncaster    | 35 Southend    |
| 16 Dundee       | 36 Stockport   |
| 17 Edinburgh    | 37 Swansea     |
| 18 Exeter       | 38 Swindon     |
| 19 Glasgow      | 39 Teesside    |
| 20 Huddersfield | 40 York        |



## Market

The number of corporate insolvencies (source: The Insolvency Service) for the year to 31 March 2015 (the period which most closely matches the group's financial year) totalled 16,380 (2014: 18,994), representing a 14% year-on-year reduction. The number of corporate insolvencies in the first calendar quarter of 2015 was 4,014, which is the lowest level of quarterly appointments since the fourth calendar quarter of 2007, albeit these numbers have stabilised at this level over the last 12 months.

# Who we are

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



## Begbies

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

We provide a range of specialist professional services primarily to businesses, their professional advisors and the major banks covering insolvency, restructuring and risk management activities.

## Our services

### Begbies Traynor

#### Corporate insolvency

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

##### Insolvency procedures

- Administration
- Liquidation
- Receiverships
- Creditors' voluntary arrangements

#### Personal insolvency

Provide advice to debtors and creditors on all aspects of personal insolvency

##### Insolvency procedures

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

#### Restructuring and financial consulting

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

##### Services offered

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



## Eddisons

Eddisons is a national firm of chartered surveyors, offering a wide range of specialist services to banks, insolvency practitioners, and owners and occupiers of commercial property.

The services offered are valuation and sale of property, machinery and business assets, including fixed charge property receiverships; insolvency insurance brokerage; property and facilities management; and building consultancy services.

### Eddisons

#### Asset valuation and disposal

Valuation and disposal of property and other business assets

- Property valuation
- Property auctions
- Agency services
- Property receiverships
- Machinery and business asset valuation and disposals

#### Property and facilities management

Services to owners and occupiers of commercial properties

- Property and asset management
- Rent review and lease advisory
- Helpdesk support
- Service charge collection and management

#### Specialist insurance and vacant property services

Specialist insurance brokerage and risk management solutions

- Specialist property insurance
- Open cover insurance for insolvency practitioners
- Compliance with vacant property insurance requirements
- Risk management solutions

#### Building consultancy

Advice to owners and occupiers of commercial property

- Lease advisory
- Dilapidations advice
- Rating reviews

# Our strategy

To enhance our market-leading business recovery practice, ensuring the business is well placed to benefit from opportunities in its counter-cyclical marketplace, together with developing our property services consultancy.



## Developments in the year

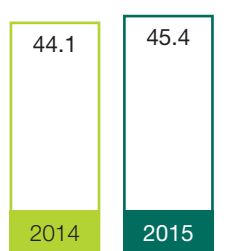
In December 2014 we completed the strategic acquisition of Eddisons, a national firm of chartered surveyors. Eddisons brings expertise in the valuation and disposal of property and business assets, which is intrinsic to our insolvency division. The acquisition enables the group to utilise Eddisons' expertise on its existing caseload rather than subcontractors, together with marketing our enhanced competencies and service offerings to the combined client base, including banks and other financial institutions.

We have also continued to invest in our insolvency division through two acquisitions in the year: Ian Franes Associates on 13 June 2014, based in Paddington, and Yorkshire-based Broadbents Business Recovery Services on 31 March 2015. Both businesses have been fully integrated into our operations and are trading profitably in line with our expectations. We also invested in our London office during the year, with the team moving to new offices in Canary Wharf. Subsequent to the year end we launched BTG Global Advisory, our new international alliance of independent insolvency, restructuring and financial advisory firms operating in key global jurisdictions.

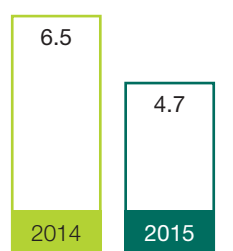
## Key performance indicators (KPIs)

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

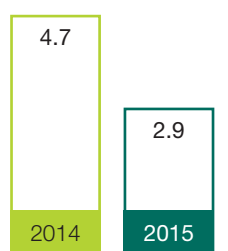
Revenue (£m)



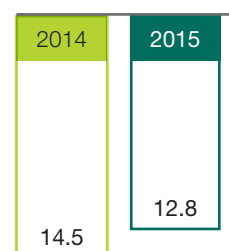
EBITA (£m)



Adjusted EPS (p)



Net debt (£m)





## Insolvency and restructuring

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

Segmental profits<sup>1</sup> in the year decreased to £8.5 million (2014: £10.9 million), as a result of a reduction in revenue to £40.9 million (2014: £44.1 million).

The reduced level of market activity led to lower insolvency appointments for the group, which combined with the ongoing pressure on fee rates, caused the reduced revenue levels in the year. There has also been a change in the means of generating SME insolvency cases in recent years with the increasing use of internet-based rather than traditional marketing techniques.

We invested in this area initially through the acquisition of Cooper Williamson in October 2013 and have continued to invest in these marketing initiatives.

These factors have impacted on the business and as a result we have streamlined our cost base and office network in the year. The number of people employed in the division has decreased to 354 as at 30 April 2015 from 391 at the start of the financial year, having integrated 17 from acquired businesses over the year. Segmental costs were £32.4 million (2014: £33.2 million), an increase of £0.8 million from acquisitions offset by in-year reductions of £1.6 million. As a result of actions completed this year the cost base will reduce by an additional £1.5 million in the new financial year. Exceptional costs relating to the restructuring were £2.6 million. Operating margins were 20.8% (2014: 24.6%).

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

We will continue to develop this division through a combination of senior recruitment, selective acquisitions and staff development, with the intention of progressively increasing our market share. Further development over the medium term could come from winning higher value, more complex instructions from existing clients and prospects, by demonstrating our capabilities and credentials.

## Property consultancy

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

The business was acquired on 17 December 2014 and generated segmental revenues<sup>1</sup> of £4.5 million and profits of £0.7 million for the post-acquisition period, in line with our expectations.

The integration of the business into the group is proceeding well with all key personnel being retained. The Eddisons team is being appointed on a number of the group's insolvency cases. In addition, operating synergies, through shared property and other overhead costs, are being realised in line with our plans.

The number of people employed in the division was 134 on 30 April 2015.

We will develop this division through a combination of senior recruitment and selective acquisitions with the intention of developing its service offering and geographical coverage.

## Partners and employees

As at 30 April 2015, the group employed a total of 549 partners and staff (2014: 438), an increase of 25% compared with a year ago; this comprises 384 fee earners and 165 support staff. This includes 165 employees who joined the group following acquisitions in the year.

We continue to invest in training and developing our people and we are pleased to have promoted four fee earners to partner, three subsequent to the year end.

<sup>1</sup> See note 4

# Finance review

	2015 £m	2014 £m
Revenue from continuing operations	45.4	44.1
EBITA (pre-exceptional items)	4.7	6.5
Finance costs	(1.1)	(1.1)
Adjusted profit before tax	3.6	5.4
Exceptional and acquisition-related items	(2.9)	(0.8)
Amortisation of intangible assets arising on acquisitions	(1.4)	(0.3)
(Loss) profit before tax	(0.7)	4.3
Tax	0.1	(0.9)
(Loss) profit for the year from continuing operations	(0.6)	3.4

## Revenue

Trading performance was affected by the challenging trading conditions in the year. Revenue increased to £45.4 million (2014: £44.1 million) as a result of revenue from in-year acquisitions of £5.6 million, which was partially offset by reduced revenue of £4.3 million in the insolvency division, following the reduction in national insolvency appointments.

## EBITA (pre-exceptional items)

Operating costs increased to £40.7 million (2014: £37.6 million). The impact of the Eddisons acquisition in the current year was £4.0 million. Costs reduced by £1.7 million as a result of restructuring the cost base in response to the drop in market volumes, partially offset by £0.8 million of costs from acquired businesses.

EBITA (pre-exceptional items) reduced to £4.7 million (2014: £6.5 million) with margins of 10.3% (2014: 14.8%).

## Finance costs

Finance costs totalled £1.1 million (2014: £1.1 million).

## Amortisation

Amortisation costs increased to £1.4 million (2014: £0.3 million) due to the amortisation of intangible assets arising on in-year acquisitions.

## Exceptional and acquisition-related items

Exceptional and acquisition-related items in the year of £2.9 million (2014: £0.8 million associated with the relocation of the group's London offices) comprise:

- restructuring costs of £2.6 million, comprising £1.5 million case closure provision, £0.9 million redundancy costs and £0.2 million onerous lease costs, of which £0.3 million is included within provisions at 30 April 2015. This has reduced the group's operating cost base realising cost savings of £1.7 million in the last financial year with further committed reductions to be realised in the new financial year of £1.5 million;
- business integration costs following the Eddisons acquisition of £0.5 million, of which £0.5 million is included within provisions at 30 April 2015; and
- acquisition-related credit of £0.2 million comprising: acquisition costs £0.5 million and deemed remuneration charges of £0.4 million, offset by a gain on acquisition of £1.1 million.

## Tax

The tax charge for the year (prior to credit resulting from exceptional costs) was £0.6 million (2014: £1.0 million) representing an effective tax rate of 26% (2014: 20%, which reflects a reduction in deferred tax liabilities due to the reduction in the corporation tax rate to 20%). The tax credit resulting from exceptional and acquisition-related items was £0.7 million (2014: £0.1 million). Tax credit for the year of £0.1 million (2014: charge £0.9 million).

## Earnings per share ('EPS')

EPS<sup>1</sup>, adjusted for the net of tax impact of the amortisation of intangible assets arising on acquisitions, exceptional and net acquisition-related items, were 2.9 pence (2014: 4.7 pence).

Basic and diluted loss per share were 0.6 pence (2014: earnings per share 3.7 pence).

<sup>1</sup> See reconciliation in note 11

## Acquisitions

The group completed three acquisitions during the financial year as follows:

### Ian Franses

On 13 June 2014, the group completed the acquisition of the trade and assets of Ian Franses Associates Limited, a London-based insolvency practice. The maximum acquisition consideration of £2.0 million is as follows: initial consideration of £0.6 million in cash, together with contingent consideration based on financial performance over the three years from completion of £1.4 million, payable in cash.

### Eddisons

On 17 December 2014, the group completed the acquisition of the entire issued share capital of Eddisons Commercial (Holdings) Limited, a national firm of chartered surveyors. The maximum acquisition consideration of £8.5 million (net of £1.25 million cash payment in relation to the level of working capital at completion) is as follows: initial consideration of £5.0 million in cash funded by a vendor placing, together with contingent consideration based on financial performance as follows: £1.5 million cash payable on account over four years, with historic payments subject to claw back in the event of subsequent underperformance; £1.5 million cash or equity bullet payable after four years, based on cumulative performance over the four years; and £0.5 million cash or equity payable between five and eight years.

## Broadbents

On 31 March 2015, the group completed the acquisition of the trade and assets of Broadbents Business Recovery Services Limited, a Yorkshire-based insolvency practice. The maximum acquisition consideration of £0.55 million is as follows: initial consideration of £0.2 million in cash, together with contingent consideration based on financial performance over the two years from completion of £0.35 million, payable in cash.

## Accounting treatment

The maximum consideration payable for these acquisitions includes amounts which require post-acquisition service obligations to be performed by the selling shareholders. In accordance with the IFRS Interpretation Committee's interpretation of paragraph B55 of IFRS 3, regarding such payments, these amounts are treated as deemed remuneration and will be charged to the consolidated statement of comprehensive income over the period of the obligation. The charge in the year for deemed remuneration was £0.4 million. As a result of this accounting guidance, the value of net assets acquired (£7.6 million) exceeds the accounting value of the consideration (£6.5 million) and consequently a gain of £1.1 million has been recognised as an exceptional item in the year. Acquisition costs of £0.5 million have been charged to the statement of comprehensive income as an exceptional cost.

## Share placing

On 17 December 2014, the group completed a share placing of 13,094,982 new ordinary shares at a price of 40.5 pence per share to raise £5.3 million (before costs) in connection with the Eddisons acquisition: £5.0 million via a vendor placing to satisfy the initial consideration; and £0.3 million via a cash placing for transaction costs.

## Cash flows

Cash generated by operations (before interest and tax payments) in the year was £6.0 million (2014: £7.4 million). Tax payments in the year were £1.3 million (2014: £1.0 million). Interest payments were £1.0 million (2014: £0.9 million).

Cash outflows from investing activities were £5.2 million (2014: £0.9 million). Capital expenditure was £1.3 million (2014: £0.4 million), principally relating to our new London office. Deferred payments relating to prior year acquisitions were £0.2 million (2014: £0.1 million). Acquisition payments were £3.7 million (2014: £0.5 million), net of cash acquired of £3.3 million.

Financing cash inflows were £3.1 million (2014: outflow of £2.0 million). The share placing in the year in connection with the Eddisons acquisition raised £5.0 million net of costs, with proceeds from other share issues of £0.1 million (2014: £0.1 million). Dividend payments were £2.0 million (2014: £2.0 million). During the prior year there was a repayment of asset finance obligations of £0.1 million.

## Financing

Net borrowings reduced by £1.7 million to £12.8 million at 30 April 2015 (2014: £14.5 million), with a reduction in gearing to 21% (2014: 24%) and significant headroom within the committed banking facilities of £30 million. During the year, all bank covenants were comfortably met and the group remains in a strong financial position.

The group's principal unsecured, committed facilities of £30 million provide the group with medium and long-term financing with maturity dates from 2017 to 2021.

## Net assets

At 30 April 2015 net assets were £61.0 million (2014: £59.4 million), equivalent to net assets per share of 58 pence (2014: 65 pence).

Non-current assets increased to £60.3 million (2014: £53.3 million) due to intangible assets recognised on acquisitions and capital expenditure in the year.

Trade and other receivables decreased to £34.9 million (2014: £36.6 million), principally due to an organic reduction in working capital of £4.2 million partially offset by an increase from acquisitions of £2.5 million.

Net borrowings reduced to £12.8 million (2014: £14.5 million).

Trade and other payables increased to £12.8 million (2014: £8.2 million) principally due to acquisitions. The balance includes trade creditors and accruals of £8.6 million (2014: £5.9 million), tax and social security creditors of £2.1 million (2014: £1.7 million) and deferred consideration liabilities of £2.1 million (2014: £0.6 million) of which £0.7 million (2014: £0.3 million) is payable within one year.

Provisions for property costs, restructuring costs and post-disposal obligations total £2.3 million (2014: £2.1 million), of which £1.6 million is payable within one year.

Current tax receivables were £0.1 million (2014: liabilities of £0.7 million). Deferred tax liabilities were £6.4 million (2014: £5.0 million).

## Discontinued operations

During the year the global risk partners segment was discontinued. In accordance with IFRS 5, the results of these activities have been separately disclosed and the comparative results re-presented on this basis.

During the year the discontinued activities generated revenue of £0.5 million (2014: £1.7 million) and a post-tax loss of £1.0 million (2014: £0.4 million), including a loss on disposal of £0.6 million. At the period end the group had deferred contingent consideration receivable of £0.6 million.

## 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.

# 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
<b>Marketplace</b>	
The group's markets are susceptible to macroeconomic movements, such as interest rates, GDP changes and indebtedness levels. The group operates in a highly competitive market and is reliant on the flow of new assignments.	This risk is managed through a consistent effort in marketing and selling activity and maintaining strong relationships with key work providers, including banks and other financial and professional intermediaries.
<b>Operational gearing</b>	
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.
<b>Reliance on key personnel</b>	
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.
<b>Legal and regulation</b>	
The group operates in regulated markets. Failure to comply with, or changes in, regulation or legislation may have an adverse impact on the activities of the business.	To ensure compliance with relevant legislation in performing regulated activities, the group has a dedicated compliance function which maintains procedures and policies in line with current legislation.
In the ordinary course of business, certain aspects of the group's services are opinion-based and may be subject to challenge.	Where appropriate, the group will seek third-party professional corroboration. In addition, the group has appropriate professional indemnity insurance.
<b>Liquidity risk</b>	
The group's ability to generate cash from its engagements is usually reliant on asset realisations. A deterioration in realisations in the short term could reduce the group's operating cash generation and increase its financing requirements.	<p>The group monitors its risk of a shortage in funds through regular cash management and forecasting and ensuring suitable headroom within its banking facilities.</p> <p>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.</p>

## Going concern

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

**Ric Traynor**  
Executive chairman  
14 July 2015

**Nick Taylor**  
Group finance director

## Board of directors

### Ric Traynor (age 55)

Executive chairman

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 44)

Group finance director

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 47)

Head of insolvency and restructuring

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

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

### John May (age 60)

Non-executive director

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 63)

Non-executive director

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.

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 2015. The chairman's statement, directors' remuneration report and corporate governance statement form part of the directors' report and are incorporated into it by cross reference.

### Directors

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

### Dividends

The directors recommend a final dividend of 1.6 pence (2014: 1.6 pence) per ordinary share to be paid on 6 November 2015 to shareholders on the register at 9 October 2015. This, together with the interim dividend of 0.6 pence paid on 8 May 2015 (2014: 0.6 pence), makes a total of 2.2 pence for the year (2014: 2.2 pence).

### Substantial shareholdings

On 3 July 2015, 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.

### Disabled employees

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

### Social policies and employee involvement

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

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

### Political contributions

No political donations were made during the year (2014: £nil).

### Auditor

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

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

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

**John Humphrey**  
 Company secretary  
 14 July 2015

Name of holder	Percentage held	
	Number	
Hof Hoorneman Bankiers	11,910,000	11.38
Fidelity Worldwide Investment	9,526,252	9.10
Allianz Global Investors	7,537,510	7.20
Theodoor Gilissen	6,417,608	6.13
Heronbridge Investment Management	3,718,066	3.55

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

# Directors' responsibilities statement

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

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

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

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

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

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

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

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

## Responsibility statement

We confirm that to the best of our knowledge:

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

By order of the board

**Ric Traynor**      **Nick Taylor**  
Executive chairman    Group finance director  
14 July 2015

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

## Directors' remuneration

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

The executive bonus scheme pays a multiple of salary/profit share based on earnings per share performance.

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

## Directors' emoluments

Name of director	Fees/ basic salary/ profit share £	Benefits in kind £	2015 total £	2014 total £
<b>Executive</b>				
Ric Traynor	225,000	35,701	<b>260,701</b>	294,211
Nick Taylor	186,438	10,222	<b>196,660</b>	167,769
Mark Fry	425,000	70,339	<b>495,339</b>	600,803
<b>Non-executive</b>				
John May	25,000	—	<b>25,000</b>	25,000
Graham McInnes	25,000	—	<b>25,000</b>	25,000
Aggregate emoluments	886,438	116,262	<b>1,002,700</b>	1,112,783



## Directors' interests

The directors who held office at 30 April 2015 had the following interests in the shares of the group:

Name of director	Description of shares	30 April 2015		1 May 2014	
		Beneficial	%	Beneficial	%
Ric Traynor	Ordinary shares	27,178,980	26.00	26,561,697	29.10
Nick Taylor	Ordinary shares	5,000	0.01	5,000	0.01
Mark Fry	Ordinary shares	143,890	0.14	143,890	0.16
Graham McInnes	Ordinary shares	917,432	0.88	855,704	0.94
John May	Ordinary shares	276,574	0.26	202,500	0.22

No changes took place in the interests of directors between 30 April 2015 and 14 July 2015.

## Directors' share options and growth share plan

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

Name of director	Scheme	Number at 1 May 2014	Granted in year	Forfeited/ lapsed in year	Number at 30 April 2015	Exercise price (pence)	Earliest exercise date	Expiry date
Mark Fry	Growth shares	1,923,077	—	(1,923,077)	—	68.0	1 July 2014	1 July 2014
	Growth shares	2,388,546	—	—	2,388,546	48.0	31 October 2016	31 October 2016
	Share options	1,000,000	—	—	1,000,000	36.7	30 April 2016	25 October 2023
Nick Taylor	Share options	50,000	—	—	50,000	61.8	15 July 2013	15 July 2017
	Share options	500,000	—	—	500,000	36.7	30 April 2016	25 October 2023
	Share options	—	250,000	—	250,000	51.0	25 July 2017	25 July 2024

The market price of the company's shares at the end of the financial year was 47.75 pence and the range of market prices during the year was 42.5 pence to 54.3 pence.

Details of share options granted by the company at 30 April 2015 are given in note 21. None of the terms and conditions of the share options were varied in the year.

# Corporate governance statement

The board is committed to high standards of corporate governance and, although as an AIM listed company Begbies Traynor Group plc is not bound by the UK Corporate Governance Code that was issued in 2012 by the Financial Reporting Council ('the Code'), the directors adopt these rules in the manner they believe appropriate to the company's status. Detailed below are the key components of the group's corporate governance policies and procedures.

## The board

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

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

## Committees of the board

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

## The audit committee

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

## The remuneration committee

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

## Investor communications

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

## Internal control and risk management

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

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

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

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

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

We have audited the group financial statements of Begbies Traynor Group plc for the year ended 30 April 2015, which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

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

## Respective responsibilities of directors and auditor

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

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 April 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

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

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

## Other matter

We have reported separately on the parent company financial statements of Begbies Traynor Group plc for the year ended 30 April 2015.

## Rachel Argyle (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

14 July 2015

# Consolidated statement of comprehensive income

## for the year ended 30 April 2015

	Notes	2015 £'000	2014 £'000
<b>Continuing operations</b>			
Revenue	3	45,360	44,089
Direct costs		(25,044)	(23,782)
<b>Gross profit</b>		<b>20,316</b>	<b>20,307</b>
Other operating income	3	173	156
Administrative expenses		(15,826)	(13,945)
<b>Earnings before interest, tax and amortisation prior to exceptional and acquisition-related items</b>		<b>4,663</b>	<b>6,518</b>
Exceptional and acquisition-related items	6	(2,918)	(806)
<b>Earnings before interest, tax and amortisation</b>		<b>1,745</b>	<b>5,712</b>
Amortisation of intangible assets arising on acquisitions		(1,413)	(353)
Finance costs	8	(1,055)	(1,108)
<b>(Loss) profit before tax</b>		<b>(723)</b>	<b>4,251</b>
Tax	9	122	(869)
<b>(Loss) profit for the year from continuing operations</b>		<b>(601)</b>	<b>3,382</b>
<b>Discontinued operations</b>			
Loss from the year from discontinued operations	5	(979)	(357)
<b>(Loss) profit for the year</b>		<b>(1,580)</b>	<b>3,025</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(5)	—
<b>Total comprehensive (loss) income for the year</b>		<b>(1,585)</b>	<b>3,025</b>
<b>(Loss) earnings per share</b>			
From continuing operations			
Basic and diluted	11	(0.6) pence	3.7 pence
From continuing and discontinued operations			
Basic and diluted	11	(1.6) pence	3.3 pence

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

The statement of comprehensive income for the year ended 30 April 2014 has been represented to reflect the classification of the global risk partners business as discontinued operations in accordance with IFRS 5.

# Consolidated statement of changes in equity

## for the year ended 30 April 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2013	4,663	17,581	17,584	—	17,867	57,695
Total comprehensive income for the year	—	—	—	—	3,025	3,025
Dividends	—	—	—	—	(2,002)	(2,002)
Credit to equity for equity-settled share-based payments	—	—	—	—	33	33
Shares issued	213	439	—	—	—	652
At 30 April 2014	4,876	18,020	17,584	—	18,923	59,403
Loss for the year	—	—	—	—	(1,580)	(1,580)
Other comprehensive income:						
Exchange differences on translation of foreign operations	—	—	—	(5)	—	(5)
Total comprehensive loss for the year	—	—	—	(5)	(1,580)	(1,585)
Dividends	—	—	—	—	(2,012)	(2,012)
Credit to equity for equity-settled share-based payments	—	—	—	—	61	61
Shares issued	660	4,453	—	—	—	5,113
<b>At 30 April 2015</b>	<b>5,536</b>	<b>22,473</b>	<b>17,584</b>	<b>(5)</b>	<b>15,392</b>	<b>60,980</b>

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

# Consolidated balance sheet

## at 30 April 2015

	Notes	2015 £'000	2014 £'000
<b>Non-current assets</b>			
Intangible assets	12	57,765	51,559
Property, plant and equipment	13	2,512	1,708
		60,277	53,267
<b>Current assets</b>			
Trade and other receivables	14	34,861	36,630
Current tax receivable		53	—
Cash and cash equivalents		9,209	7,541
		44,123	44,171
<b>Total assets</b>		<b>104,400</b>	<b>97,438</b>
<b>Current liabilities</b>			
Trade and other payables	15	(11,369)	(7,849)
Current tax liabilities		—	(651)
Borrowings	16	—	(26)
Provisions	17	(1,625)	(1,465)
		(12,994)	(9,991)
<b>Net current assets</b>		<b>31,129</b>	<b>34,180</b>
<b>Non-current liabilities</b>			
Trade and other payables	15	(1,391)	(355)
Borrowings	16	(22,000)	(22,000)
Provisions	17	(666)	(678)
Deferred tax	18	(6,369)	(5,011)
		(30,426)	(28,044)
<b>Total liabilities</b>		<b>(43,420)</b>	<b>(38,035)</b>
<b>Net assets</b>		<b>60,980</b>	<b>59,403</b>
<b>Equity</b>			
Share capital	20	5,536	4,876
Share premium		22,473	18,020
Merger reserve		17,584	17,584
Translation reserve		(5)	—
Retained earnings		15,392	18,923
<b>Equity attributable to owners of the company</b>		<b>60,980</b>	<b>59,403</b>

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 14 July 2015. 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 2015

	Notes	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>			
Cash generated by operations	23	6,011	7,377
Income taxes paid		(1,254)	(1,006)
Interest paid		(981)	(866)
<b>Net cash from operating activities</b>		<b>3,776</b>	<b>5,505</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(1,230)	(360)
Purchase of intangible fixed assets		(58)	(4)
Deferred consideration payments in the year		(177)	(101)
Acquisition of businesses		(3,718)	(450)
<b>Net cash from investing activities</b>		<b>(5,183)</b>	<b>(915)</b>
<b>Financing activities</b>			
Dividends paid		(2,012)	(2,002)
Proceeds on issue of shares		5,113	92
Repayment of loans		(26)	(101)
<b>Net cash from financing activities</b>		<b>3,075</b>	<b>(2,011)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,668</b>	<b>2,579</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>7,541</b>	<b>4,962</b>
<b>Cash and cash equivalents at end of year</b>		<b>9,209</b>	<b>7,541</b>

# Notes to the consolidated financial statements

## for the year ended 30 April 2015

### 1. General information

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

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

### 2. Accounting policies

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

#### (a) Basis of accounting

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

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

#### Going concern

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

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

The group has principal banking facilities of £30 million, of which £13.5 million was utilised (£22.0 million drawn less £8.5 million of cash balances available for general use by the group's entities) at 30 April 2015.

In carrying out their duties in respect of going concern, the directors have completed a review of the group's current financial position and cash flow forecasts for a period exceeding 12 months from the date of signing these financial statements. This review included sensitivity analysis to determine the potential impact on the group of reasonably possible downside scenarios. Under all modelled scenarios, the group's banking facilities were sufficient and all associated covenant measures were forecast to be met.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

#### Earnings before interest, tax and amortisation ('EBITA')

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

#### Exceptional and acquisition-related items

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

#### (b) Basis of consolidation

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

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

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

#### (c) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.



## 2. Accounting policies continued

### (d) Business combinations

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

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

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

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

### (e) Intangible assets

#### Goodwill

Goodwill arising on consolidation is recognised as an asset.

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

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

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

#### Other intangible assets

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

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

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

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

### (f) Property, plant and equipment

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

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

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

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

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 2. Accounting policies continued

#### (f) Property, plant and equipment continued

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

Assets in the course of construction are not depreciated.

#### (g) Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

#### (h) Financial instruments

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

##### Cash and cash equivalents

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

##### Trade receivables

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

##### Trade payables

Trade payables are stated at their amortised cost.

##### Financial liabilities and equity instruments

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

##### Equity instruments

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

##### Bank borrowings

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

#### (i) Provisions

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

#### (j) Leases

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

## 2. Accounting policies continued

### (j) Leases continued

#### Finance leases

Finance leases are capitalised in the consolidated balance sheet at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is shown as a finance lease obligation to the lessor. Leasing repayments comprise both a capital and a finance element. The finance element is written off to the consolidated statement of comprehensive income so as to produce an approximately constant periodic rate of charge on the outstanding obligation. Such assets are depreciated over the shorter of their estimated useful lives or the period of the lease.

#### Operating leases

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.

### (k) Revenue recognition

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

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

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

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

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

### (l) Borrowing costs

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

### (m) Pensions and retirement benefits

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

### (n) Share-based payments

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

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

### (o) Taxation

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

#### Current taxation

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

#### Deferred taxation

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

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 2. Accounting policies continued

#### (o) Taxation continued

##### Deferred taxation continued

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

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

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

#### (p) Critical accounting judgements and key sources of estimation uncertainty

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

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

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

##### Goodwill

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

#### (q) Recently issued accounting pronouncements

##### International Financial Reporting Standards

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

International Accounting Standards (IAS/IFRSs)	Effective date (year end commencing on or after)
Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017
IFRS 9 'Financial Instruments'	1 January 2018

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

### 3. Revenue

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

	2015 £'000	2014 £'000
<b>Continuing operations</b>		
Rendering of professional services	45,360	44,089
Other income	173	156
	<b>45,533</b>	<b>44,245</b>
<b>Discontinued operations</b>		
Rendering of professional services	524	1,661
	<b>46,057</b>	<b>45,906</b>

#### 4. Business segments

The continuing group is managed as two operating segments: insolvency and restructuring, and property. The global risk partners division is classified as discontinued.

Segmental information about these businesses is presented below.

	Insolvency and restructuring 2015 £'000	Property 2015 £'000	Consolidated 2015 £'000
<b>Revenue</b>			
Total revenue from rendering of professional services	40,859	4,556	45,415
Inter-segment revenue	—	(55)	(55)
External revenue	40,859	4,501	45,360
Segmental result	8,518	744	9,262
Shared and central costs			(4,599)
EBITA			4,663
Exceptional and acquisition-related costs			(2,918)
Amortisation of intangible assets arising on acquisitions			(1,413)
Finance costs			(1,055)
Loss before tax			(723)
Tax			122
Loss for the year from continuing operations			(601)
Loss for the year from discontinued operations			(979)
Total loss for the financial year			(1,580)
<b>Balance sheet</b>			
<b>Assets</b>			
Segment assets	84,553	9,672	94,225
Unallocated corporate assets			9,497
Consolidated total assets			103,722
<b>Liabilities</b>			
Segment liabilities	(9,654)	(4,975)	(14,629)
Unallocated corporate liabilities			(28,404)
Consolidated total liabilities			(43,033)
Net assets – continuing operations			60,689
Net assets – discontinued operations			291
<b>Total</b>			<b>60,980</b>

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

	Insolvency and restructuring 2015 £'000	Property 2015 £'000	Discontinued 2015 £'000	Consolidated 2015 £'000
Other information				
Capital additions	1,093	193	2	1,288
Depreciation and amortisation	1,812	603	30	2,445

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 4. Business segments continued

As a result of the global risk partners division being disclosed as discontinued in this reporting period, the group was reported as one operating segment for the period ended 30 April 2014.

	Insolvency and restructuring 2014 £'000	Property 2014 £'000	Consolidated 2014 £'000
<b>Revenue</b>			
Total revenue from rendering of professional services	44,089	—	44,089
Inter-segment revenue	—	—	—
External revenue	44,089	—	44,089
Segmental result	10,862	—	10,862
Shared and central costs			(4,344)
EBITA			6,518
Exceptional and acquisition-related costs			(806)
Amortisation of intangible assets arising on acquisitions			(353)
Finance costs			(1,108)
Profit before tax			4,251
Tax			(869)
Profit for the year from continuing operations			3,382
Loss for the year from discontinued operations			(357)
Total profit for the financial year			3,025

### Balance sheet

#### Assets

Segment assets	86,794
Unallocated corporate assets	9,142
Consolidated total assets	95,936

#### Liabilities

Segment liabilities	(8,556)
Unallocated corporate liabilities	(29,219)
Consolidated total liabilities	(37,775)
Net assets – continuing operations	58,161
Net assets – discontinued operations	1,242
<b>Total</b>	<b>59,403</b>

### Geographical segments

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

## 5. Discontinued operations

The results of the discontinued global risk partners division, which have been included in the consolidated statement of comprehensive income, were as follows:

	2015 £'000	2014 £'000
Revenue	524	1,661
Direct costs	(399)	(1,201)
<b>Gross profit</b>	<b>125</b>	<b>460</b>
Administrative expenses	(750)	(916)
Loss on disposal	(570)	—
<b>Loss before tax</b>	<b>(1,195)</b>	<b>(456)</b>
Tax	216	99
<b>Loss for the period from discontinued operations</b>	<b>(979)</b>	<b>(357)</b>

A loss on disposal of £570,000 arose on the disposal of the business, being the difference between the contingent consideration receivable of £622,000 and the carrying amount of net assets of £813,000, together with disposal provisions of £379,000.

## 6. (Loss) profit for the year

(Loss) profit for the year has been arrived at after charging (crediting):

	Continuing		Discontinued		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Net foreign exchange loss (gain)	3	17	(3)	—	—	17
Depreciation of property, plant and equipment	831	700	30	117	861	817
Amortisation of intangible assets	1,581	518	3	7	1,584	525
Loss on disposal of property, plant and equipment	25	—	—	—	25	—
Staff costs (see note 7)	24,933	24,415	314	1,144	25,247	25,559
Operating lease rentals payable	2,693	2,772	119	162	2,812	2,934
Impairment of receivable balances (see note 14)	188	297	3	55	191	352
Reversal of impairment losses recognised on trade receivables (see note 14)	(17)	(25)	—	(1)	(17)	(26)

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

	2015 £'000	2014 £'000
<b>Fees payable to the company's auditor for the audit of the company's annual accounts</b>	<b>30</b>	<b>30</b>
<b>Fees payable to the company's auditor and its associates for other services to the group</b>		
– the audit of the company's subsidiaries pursuant to legislation	48	47
<b>Total audit fees</b>	<b>78</b>	<b>77</b>
– other taxation advisory services	—	1
– other advisory services	85	10
<b>Total non-audit fees</b>	<b>85</b>	<b>11</b>

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 6. (Loss) profit for the year continued

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

	Continuing	
	2015 £'000	2014 £'000
Restructuring costs (£1.5 million case closure provision, £0.9 million redundancy costs, £0.2 million onerous lease costs)	2,569	—
Business integration costs following the Eddisons acquisition	532	—
Acquisition costs (see note 22)	522	124
Adjustment to contingent consideration	—	(149)
Gain on acquisition (see note 22)	(1,135)	—
Deemed remuneration	430	—
Property costs associated with relocation of London offices	—	831
	<b>2,918</b>	<b>806</b>

The exceptional costs are analysed as follows:

	Continuing	
	2015 £'000	2014 £'000
Direct costs	2,338	—
Administrative expenses	580	806
	<b>2,918</b>	<b>806</b>

### 7. Staff costs

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

	Continuing		Discontinued		Total	
	2015 number	2014 number	2015 number	2014 number	2015 number	2014 number
Partners and consultants	64	67	2	4	66	71
Fee earning staff	290	282	5	10	295	292
Support staff	126	101	1	2	127	103
	<b>480</b>	<b>450</b>	<b>8</b>	<b>16</b>	<b>488</b>	<b>466</b>

	Continuing		Discontinued		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Their aggregate remuneration comprised:						
Wages, salaries and partners' profit share	22,426	22,296	281	1,047	22,707	23,343
Social security costs	1,591	1,351	24	65	1,615	1,416
Other pension costs (note 26)	916	768	9	32	925	800
	<b>24,933</b>	<b>24,415</b>	<b>314</b>	<b>1,144</b>	<b>25,247</b>	<b>25,559</b>



## 7. Staff costs continued

### Directors' remuneration

	2015 £'000	2014 £'000
Short-term benefits	962	1,090
Post-employment benefits	41	23
Share-based payments	25	24
	<b>1,028</b>	<b>1,137</b>
	Number	Number

#### The average number of directors who:

Are members of a defined contribution pension scheme	1	1
Had awards receivable in the form of shares under a long-term incentive scheme	2	2

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

	2015 £'000	2014 £'000
Nick Taylor	41	23

The highest paid director in the year was Mark Fry and his total remuneration for the period was £495,339 (2014: £600,803). No contributions (2014: £nil) were made into a company pension scheme on his behalf.

## 8. Finance costs

	Continuing		Discontinued		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Interest on bank overdrafts and loans	1,033	1,098	—	—	1,033	1,098
Unwinding of discount on deferred consideration liabilities	22	10	—	—	22	10
<b>Total finance costs</b>	<b>1,055</b>	<b>1,108</b>	<b>—</b>	<b>—</b>	<b>1,055</b>	<b>1,108</b>

## 9. Tax

	Continuing		Discontinued		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current tax charge (credit)	174	1,261	(216)	(99)	(42)	1,162
Deferred tax credit (note 18)	(296)	(392)	—	—	(296)	(392)
	(122)	869	(216)	(99)	(338)	770

Corporation tax is calculated at 20.9% (2014: 23.0%) 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:

	2015 £'000	2014 £'000
(Loss) profit before tax	(1,918)	3,795
Notional tax (credit) charge at the UK corporation tax rate of 20.9% (2014: 23.0%)	(401)	873
Adjustments in respect of current income tax of prior years	(160)	(144)
Tax effect of expenses that are not deductible in determining taxable profit	223	728
Impact of change in rate	—	(684)
Deferred tax at 20%	—	(3)
<b>Total tax expense reported in the consolidated statement of comprehensive income</b>	<b>(338)</b>	<b>770</b>

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 10. Dividends

	2015 £'000	2014 £'000
<b>Amounts recognised as distributions to equity holders in the year</b>		
Interim dividend for the year ended 30 April 2014 of 0.6 pence (2013: 0.6 pence) per share	549	541
Final dividend for the year ended 30 April 2014 of 1.6 pence (2013: 1.6 pence) per share	1,463	1,461
	<b>2,012</b>	<b>2,002</b>
<b>Amounts proposed as distributions to equity holders</b>		
Interim dividend for the year ended 30 April 2015 of 0.6 pence (2014: 0.6 pence) per share	628	549
Final dividend for the year ended 30 April 2015 of 1.6 pence (2014: 1.6 pence) per share	1,674	1,463
	<b>2,302</b>	<b>2,012</b>

The proposed final dividend is subject to approval by shareholders at the annual general meeting. The interim dividend for 2015 was not paid until 8 May 2015 and, accordingly, neither has been included as a liability in these financial statements nor as a distribution to equity shareholders.

### 11. Earnings per share

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

	2015 £'000	2014 £'000
<b>Earnings</b>		
(Loss) profit for the year from continuing operations attributable to equity holders	(601)	3,382
Loss from discontinued operations attributable to equity holders	(979)	(357)
<b>(Loss) profit for the year attributable to equity holders</b>	<b>(1,580)</b>	<b>3,025</b>
	2015 number	2014 number
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	96,288,512	90,877,950
Effect of dilutive potential ordinary shares:		
Share options	880,265	139,953
Weighted average number of ordinary shares for the purposes of diluted earnings per share	97,168,777	91,017,903
	2015 pence	2014 pence
<b>Basic (loss) earnings per share from</b>		
Continuing operations	(0.6)	3.7
Discontinued operations	(1.0)	(0.4)
<b>Total</b>	<b>(1.6)</b>	<b>3.3</b>

## 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:

	2015 £'000	2014 £'000
<b>Earnings from continuing operations</b>		
(Loss) profit for the year attributable to equity holders	(601)	3,382
Amortisation of intangible assets arising on acquisitions	1,413	353
Unwinding of discount on deferred consideration liabilities	22	10
Exceptional and acquisition-related items	2,918	806
Tax effect of above items	(975)	(267)
Adjusted earnings	2,777	4,284
	2015 pence	2014 pence
Adjusted basic and diluted earnings per share	2.9	4.7

## 12. Intangible assets

	Goodwill £'000	Software £'000	Intangible assets arising on acquisitions £'000	Total £'000
<b>Cost</b>				
At 1 May 2013	49,130	1,714	4,485	55,329
Additions	—	4	1,625	1,629
Adjustments to deferred consideration	19	—	—	19
At 30 April 2014	49,149	1,718	6,110	56,977
Arising on acquisition	—	—	7,775	7,775
Additions	—	58	—	58
Disposals associated with discontinued business	—	(68)	—	(68)
<b>At 30 April 2015</b>	<b>49,149</b>	<b>1,708</b>	<b>13,885</b>	<b>64,742</b>
<b>Amortisation and impairment</b>				
At 1 May 2013	—	520	4,373	4,893
Amortisation during the year	—	172	353	525
At 30 April 2014	—	692	4,726	5,418
Amortisation during the year	—	171	1,413	1,584
Disposals associated with discontinued business	—	(25)	—	(25)
<b>At 30 April 2015</b>	<b>—</b>	<b>838</b>	<b>6,139</b>	<b>6,977</b>
<b>Carrying amount</b>				
<b>At 30 April 2015</b>	<b>49,149</b>	<b>870</b>	<b>7,746</b>	<b>57,765</b>
At 30 April 2014	49,149	1,026	1,384	51,559

The carrying value of intangible assets arising on acquisitions comprise customer relationships of £3,800,000 (2014: £586,000), customer contracts of £2,279,000 (2014: £235,000), order backlog of £1,230,000 (2014: £nil) and websites of £437,000 (2014: £563,000).

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

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 12. Intangible assets continued

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

The recoverable amount of the CGU is based on a value in use calculation using cash flow projections based on the latest one year forecast approved by the board, extrapolated for 19 further years. No terminal value is applied.

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

#### Key assumptions used in value in use calculation

The key assumptions for the value in use calculations are those regarding:

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

#### Discount rate

The group's post-tax weighted average cost of capital, derived from Bloomberg data, has been used to calculate a group pre-tax discount rate of 13% (2014: 13%), which reflects current market assessments of the time value of money for the period under review and the risks specific to the group. As the insolvency CGU comprises the significant majority of the group's activities this has been used as the discount rate for the purpose of the value in use calculation.

#### Revenue growth rates

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. Growth rates of up to 4% per annum have been applied to the extrapolation period, reflecting past experience of UK insolvency numbers over an economic cycle and future expected market trends. This growth rate does not exceed the directors' assessment of the long-term growth rate for the UK insolvency market.

#### EBITA margins

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

#### Sensitivity to changes in assumptions

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

#### Cooper Williamson Limited

The provisional estimates in relation to the acquisition of the trade and assets of Cooper Williamson Limited have been finalised. A change in the assessment of the fair value of net assets acquired has resulted in an adjustment of £0.3 million to reduce goodwill and increase other receivables, which has been reflected in these financial statements.

### 13. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 May 2013	4,499	1,088	2,283	14	7,884
Additions	109	25	226	—	360
At 30 April 2014	4,608	1,113	2,509	14	8,244
Arising on acquisition	—	303	192	—	495
Additions	820	117	293	—	1,230
Disposals	—	(23)	(2)	—	(25)
Disposals associated with discontinued business	—	(1)	(78)	—	(79)
<b>At 30 April 2015</b>	<b>5,428</b>	<b>1,509</b>	<b>2,914</b>	<b>14</b>	<b>9,865</b>
<b>Depreciation and impairment</b>					
At 1 May 2013	2,857	915	1,935	12	5,719
Charge for the year	496	66	255	—	817
At 30 April 2014	3,353	981	2,190	12	6,536
Charge for the year	490	115	255	1	861
Disposals associated with discontinued business	—	—	(44)	—	(44)
<b>At 30 April 2015</b>	<b>3,843</b>	<b>1,096</b>	<b>2,401</b>	<b>13</b>	<b>7,353</b>
<b>Carrying amount</b>					
<b>At 30 April 2015</b>	<b>1,585</b>	<b>413</b>	<b>513</b>	<b>1</b>	<b>2,512</b>
At 30 April 2014	1,255	132	319	2	1,708

### 14. Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	4,802	4,134
Unbilled income	24,326	29,596
Other debtors and prepayments	3,597	2,562
Deemed remuneration	2,136	338
	<b>34,861</b>	<b>36,630</b>

Trade receivables do not carry interest and are stated net of allowances for doubtful receivables of £615,000 (2014: £483,000).

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

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

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 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	More than 4 months £'000
2015	4,802	2,900	686	1,216
2014	4,134	2,096	712	1,326

### Movement in the allowance for doubtful debts

	2015 £'000	2014 £'000
Balance at beginning of the year	483	188
Amounts arising on acquisition	97	—
Amounts written off during the year	(139)	(31)
Amounts recovered during the year	(17)	(26)
Increase in allowance recognised in profit or loss	191	352
Balance at end of the year	615	483

### 15. Trade and other payables

	2015 £'000	2014 £'000
<b>Current</b>		
Trade payables	1,956	1,082
Other taxes and social security	2,128	1,735
Accruals	6,587	4,771
Deferred consideration	698	261
	11,369	7,849
<b>Non-current</b>		
Deferred consideration	1,391	355

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

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

### 16. Borrowings

	2015 £'000	2014 £'000
<b>Unsecured borrowing at amortised cost</b>		
Bank loans	22,000	22,026
<b>Total borrowings</b>	22,000	22,026
Amount due for settlement within 12 months	—	26
Amount due for settlement after 12 months	22,000	22,000

## 16. Borrowings continued

The group's principal borrowings at 30 April 2015 comprise unsecured, revolving credit facilities ('RCFs') totalling £20 million (2014: £20 million) and a term loan of £10 million (2014: £10 million) which were entered into on 26 April 2013. The principal features of these borrowings are summarised as follows:

- RCF of £10 million provided by HSBC, of which £6 million was drawn at 30 April 2015 (2014: £6 million). The facility has a 4.25 year term. The effective interest rate was 4.3%;
- RCF of £10 million provided by Santander, of which £6 million was drawn at 30 April 2015 (2014: £6 million). The facility has a 4.25 year term. The effective interest rate was 4.3%; and
- term loan of £10 million provided by M&G UK Companies Financing Fund 2, of which £10 million was drawn at 30 April 2015 (2014: £10 million). The facility has a £5 million maturity in April 2020 and £5 million maturity in April 2021. The effective interest rate was 5.3%.

In the prior year the group had additional unsecured bank loans of £26,000, repayable within one year. Interest on the loan was fixed at 6.27%.

All borrowings are denominated in sterling. Of the total cash balance of £9,209,000 (2014: £7,541,000), £8,356,000 is denominated in sterling (2014: £7,524,000), £95,000 in US dollars (2014: £17,000) and £758,000 (2014: £nil) in other currencies. The directors consider that the fair values of the group's financial instruments approximate to their book value.

At the balance sheet date, £758,000 of the cash balances were not available for general use by the group's entities. These balances relate to pre-funding of disbursement costs in relation to a specific engagement and use of these balances is contractually restricted to this engagement.

## 17. Provisions

	Restructuring £'000	Disposal provisions £'000	Property exit provisions £'000	Total £'000
At 1 May 2013	1,772	1,215	—	2,987
Charged for the year	—	—	831	831
Utilised	(1,434)	(241)	—	(1,675)
At 30 April 2014	338	974	831	2,143
Charged for the year	1,032	379	574	1,985
Utilised	(1,079)	(217)	(541)	(1,837)
<b>At 30 April 2015</b>	<b>291</b>	<b>1,136</b>	<b>864</b>	<b>2,291</b>
Current liabilities	185	576	864	1,625
Non-current liabilities	106	560	—	666
<b>At 30 April 2015</b>	<b>291</b>	<b>1,136</b>	<b>864</b>	<b>2,291</b>

Disposal provisions include liabilities arising from warranty and onerous contract obligations relating to discontinued businesses. The non-current elements of the provisions are all expected to be utilised in the period up to 30 April 2017.

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 18. Deferred tax

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

	Tax deductible goodwill £'000	Intangibles £'000	Short-term timing differences £'000	Total £'000
At 1 May 2013	(5,259)	—	181	(5,078)
Charge to income	(27)	—	(265)	(292)
Arising on acquisitions	(325)	—	—	(325)
Consolidated statement of comprehensive income effect of change in tax rate	686	—	(2)	684
At 30 April 2014	(4,925)	—	(86)	(5,011)
(Charge) credit to income	(116)	345	67	296
Acquired	—	—	(59)	(59)
Arising on acquisitions	515	(2,110)	—	(1,595)
<b>At 30 April 2015</b>	<b>(4,526)</b>	<b>(1,765)</b>	<b>(78)</b>	<b>(6,369)</b>

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:

	2015 £'000	2014 £'000
Deferred tax liabilities	(6,856)	(5,024)
Deferred tax assets	487	13
	<b>(6,369)</b>	<b>(5,011)</b>

### 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 2015 and net assets at that date would decrease by £71,000 (2014: £77,000). 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 at a creditors' meeting 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.



## 19. Financial instruments continued

### Credit risk continued

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

### 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 our committed bank facilities, and giving consideration to other available sources of finance such as bank overdrafts, finance leases and hire purchase contracts.

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

The table below summarises the maturity profile of the group's financial liabilities at 30 April 2015 based on contractual payments.

	At 30 April 2015				At 30 April 2014			
	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	1,057	19,811	5,263	26,131	1,071	15,304	10,771	27,146
Trade and other payables	11,369	1,391	—	12,760	7,849	355	—	8,204
	12,426	21,202	5,263	38,891	8,920	15,659	10,771	35,350

### 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:

	2015 £'000	2014 £'000
Shareholders' funds	60,980	59,403
Bank borrowings	22,000	22,026
At 30 April	82,980	81,429

### Categories of financial instruments

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

	2015 £'000	2014 £'000
<b>Financial assets</b>		
Trade receivables	4,802	4,134
Cash at bank	9,209	7,541
	14,011	11,675
<b>Financial liabilities</b>		
Trade payables	(12,760)	(8,204)
Bank loans	(22,000)	(22,026)
	(34,760)	(30,230)

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 20. Share capital

	2015 thousand	2014 thousand	2015 £'000	2014 £'000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 5 pence				
At 1 May	91,422	90,135	4,572	4,508
Staff SIP scheme	111	145	5	7
Consideration for acquisition	13,095	1,142	655	57
At 30 April	104,628	91,422	5,232	4,572
<b>Allotted, called up but not fully paid</b>				
A ordinary shares of 3 pence				
At 1 May	6,882	3,313	206	99
Issue of shares	—	4,959	—	149
Conversion of shares	(1,973)	(1,390)	(59)	(42)
At 30 April	4,909	6,882	147	206
<b>Allotted, called up and fully paid</b>				
Deferred shares of 1 pence				
At 1 May	9,731	5,561	98	56
Conversion of shares	5,921	4,170	59	42
At 30 April	15,652	9,731	157	98
Issued share capital	125,189	108,035	5,536	4,876

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, 50,676 A ordinary shares from the 31 October 2013 growth share plan were converted into deferred shares.

The growth share plan granted on 1 July 2011 matured during the year, and the 1,923,077 A ordinary shares converted into deferred shares.

### 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% no performance conditions; 25% requires an overall increase in adjusted earnings per share over a three-year period of RPI plus 2.5%; 25% requires 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.

#### Growth share plan

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

## 21. Share-based payments continued

### Growth share plan continued

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

Grant date	Share option scheme			Growth share plan	
	15 July 2010	25 October 2013	25 July 2014	1 July 2011	31 October 2013
Share price at grant date (pence)	62	38	52	45	38
Exercise price (pence)	62	37	51	68	48
Number of participants	3	13	2	1	44
Number of shares under option outstanding	300,000	2,800,000	375,000	nil	4,908,814
Vesting period (years)	3	3	3	3	3
Time to expiry (years)	7	10	10	3	3
Expected volatility (%)	20	23	25	20	23
Risk free rate (%)	1.2	0.8	0.8	1.4	0.8
Expected dividend yield (%)	2.5	6.2	6.2	2.5	6.2
Fair value per option (pence)	7.0	3.3	9.8	0.8	1.2

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

No options were exercised during the financial year.

The group recognised an expense of £61,000 (2014: £33,000) related to equity-settled share-based payments.

## 22. Acquisitions

### Insolvency acquisitions

During the year, the group acquired the trade and assets of two insolvency practices:

- 1 June 2014 – Ian Franses Associates Limited, a London-based insolvency practice; and
- 1 April 2015 – Broadbents Business Recovery Services Limited, a Yorkshire-based insolvency 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
<b>Net assets acquired</b>			
Intangible assets	—	1,473	1,473
Trade and other receivables	474	(237)	237
Trade and other payables	(171)	(86)	(257)
Deferred tax	—	(234)	(234)
Total identifiable assets	303	916	1,219
<b>Satisfied by:</b>			
Cash			800
Contingent consideration			270
Less: amounts treated as deemed remuneration			(870)
Total consideration			200
<b>Gain on acquisition</b>			<b>1,019</b>

Fair value adjustments of £1,473,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 12.

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 22. Acquisitions continued

#### Insolvency acquisitions continued

The contingent consideration arrangements require the group to pay the vendors additional consideration based upon performance targets being met in the first three years following acquisition. The fair value of contingent consideration was determined by forecasting expected financial performance in the earn-out period. The potential undiscounted amount of all future payments the group could be required to make under the contingent consideration arrangement is up to £1.75 million.

No contingent liabilities have been assumed.

Acquisition costs of £81,000 have been charged to the statement of comprehensive income as an exceptional cost.

The acquisitions contributed £1,169,000 of revenue and £357,000 to the group's profit before tax for the period between the date of acquisition and the balance sheet date. If the acquisitions had been completed on the first day of the financial year, the group revenues for the period would have been £46.0 million and group loss before tax would have been £0.6 million.

The amounts recognised above are provisional estimates.

#### Eddisons Commercial (Holdings) Limited

On 17 December 2014 the group acquired the entire issued share capital of Eddisons Commercial (Holdings) Limited, a property services consultancy.

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
<b>Net assets acquired</b>			
Intangible assets	—	6,302	6,302
Goodwill	2,263	(2,263)	—
Property plant and equipment	528	(33)	495
Trade and other receivables	2,976	(402)	2,574
Cash and cash equivalents	3,338	—	3,338
Trade and other payables	(4,508)	(184)	(4,692)
Contingent liabilities	—	(225)	(225)
Deferred tax	(59)	(1,361)	(1,420)
<b>Total identifiable assets</b>	<b>4,538</b>	<b>1,834</b>	<b>6,372</b>
<b>Satisfied by:</b>			
Cash (£5 million via an equity placing)			6,256
Contingent consideration			1,346
Less: amounts treated as deemed remuneration			(1,346)
<b>Total consideration</b>			<b>6,256</b>
<b>Gain on acquisition</b>			<b>116</b>
<b>Cash outflows arising on acquisition</b>			
Cash consideration			6,256
Less: cash and cash equivalents acquired			(3,338)
			<b>2,918</b>

Fair value adjustments of £6,302,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 12.

## 22. Acquisitions continued

### Eddisons Commercial (Holdings) Limited continued

The contingent consideration arrangements require the group to pay the vendors additional consideration based upon performance targets being met in the first three years following acquisition. The fair value of contingent consideration was determined by forecasting expected financial performance in the earn-out period. The potential undiscounted amount of all future payments the group could be required to make under the contingent consideration arrangement is up to £3.5 million.

Acquisition costs of £441,000 have been charged to the statement of comprehensive income as an exceptional cost.

The acquisition contributed £4,501,000 of revenue and £511,000 to the group's profit before tax for the period between the date of acquisition and the balance sheet date. If the acquisitions had been completed on the first day of the financial year, the group revenues for the period would have been £53.4 million and group profit before tax would have been £0.2 million.

The amounts recognised above are provisional estimates.

## 23. Reconciliation to the cash flow statement

	2015 £'000	2014 £'000
<b>Profit for the year</b>	<b>(1,580)</b>	<b>3,025</b>
Adjustments for:		
Tax	(338)	770
Finance costs	1,055	1,108
Amortisation of intangible assets	1,584	525
Depreciation of property, plant and equipment	861	817
Non-cash exceptional costs	1,494	—
Deemed remuneration	430	—
Gain on acquisition	(1,135)	—
Loss on disposal of property, plant and equipment	25	—
Loss on disposal of discontinued operations	570	—
Share-based payment expense	61	33
Operating cash flows before movements in working capital	3,027	6,278
Decrease in receivables	4,682	4,024
Decrease in payables	(1,846)	(2,081)
Increase (decrease) in provisions	148	(844)
Cash generated by operations	6,011	7,377

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 2015 or 30 April 2014.

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2015

### 25. Operating lease arrangements

	2015 £'000	2014 £'000
Minimum lease payments under operating leases recognised as an expense in the year	2,812	2,934

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:

	2015 £'000	2014 £'000
Within one year	2,805	2,528
In the second to fifth years inclusive	4,372	3,012
After five years	645	—
	<b>7,822</b>	<b>5,540</b>

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

### 26. Pensions

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

The total cost charged to income of £925,000 (2014: £800,000) represents contributions payable to these schemes by the group at rates specified in the rules of the plans. As at 30 April 2015, contributions of £107,000 (2014: £78,000) due in respect of the current year had not been paid over to the schemes.

### 27. Related party transactions

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

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

Various commercial properties used by members of the group during the year are owned or part owned by Ric Traynor or his personal pension fund. Rent and service charges paid on those properties by entities within the group in the year totalled £720,000 (2014: £720,000). At 30 April 2015 £nil (2014: £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 (2014: £85,000). At 30 April 2015 £nil (2014: £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 (2014: £23,000) was paid by entities within the group for this service during the year. At 30 April 2015 £6,000 (2014: £6,000) was payable in respect of this service.

Ric Traynor purchased the controlling interest in Red Flag Alert LLP ('Red Flag') from the group on 10 April 2012, with the group retaining a minority interest in the partnership. The group has agreed to continue to provide IT, HR, marketing, administrative and accounting services to Red Flag for which £96,000 was payable by Red Flag during the year (2014: £110,000). 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 (2014: £150,000). Rent of £24,000 was paid to the group by Red Flag during the year (2014: £30,000). At 30 April 2015 £4,000 (2014: £56,000) was owed by Red Flag Alert LLP.

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

We have audited the financial statements of Begbies Traynor Group plc for the year ended 30 April 2015, which comprise the company balance sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

## Respective responsibilities of directors and auditor

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

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion the company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

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

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

## Other matter

We have reported separately on the consolidated financial statements of Begbies Traynor Group plc for the year ended 30 April 2015.

## Rachel Argyle (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

14 July 2015

# Company balance sheet

## at 30 April 2015

	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Investment in subsidiaries	3	31,431	23,675
<b>Current assets</b>			
Debtors	4	35,461	32,259
<b>Creditors: amounts falling due within one year</b>			
Other creditors and accruals	5	(449)	(88)
Borrowings	6	—	(26)
		(449)	(114)
<b>Net current assets</b>		35,012	32,145
<b>Total assets less current liabilities</b>		66,443	55,820
<b>Creditors: amounts falling due after more than one year</b>			
Other creditors and accruals	5	(1,125)	—
<b>Net assets</b>		65,318	55,820
<b>Capital and reserves</b>			
Called-up share capital	7	5,536	4,876
Share premium account	8	22,473	18,020
Merger reserve	8	17,584	17,584
Profit and loss account	8	19,725	15,340
<b>Shareholders' funds</b>	9	65,318	55,820

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 14 July 2015. They were signed on its behalf by:

**Ric Traynor**  
Executive chairman

**Nick Taylor**  
Group finance director



# Notes to the company financial statements

## for the year ended 30 April 2015

### 1. Significant accounting policies

#### Basis of accounting

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

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

#### Investments

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

#### Share-based payments

The fair value of services received in exchange for the grant of options is recognised as an expense over the vesting period in accordance with FRS 20. Options are valued using the Black-Scholes option pricing model. Further details are provided in note 21 of the consolidated financial statements.

### 2. Profit for the year

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year. Begbies Traynor Group plc reported a profit for the financial year ended 30 April 2015 of £6,336,000 (2014: £127,000).

The company has no employees (2014: no employees).

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

### 3. Investment in subsidiaries

	£'000
<b>Cost</b>	
At 1 May 2014	29,810
Additions	7,756
<b>At 30 April 2015</b>	<b>37,566</b>
<b>Provision for impairment</b>	
At 1 May 2014 and 30 April 2015	6,135
<b>Net book value</b>	
<b>At 30 April 2015</b>	<b>31,431</b>
At 30 April 2014	23,675

# Notes to the company financial statements continued

## for the year ended 30 April 2015

### 3. Investment in subsidiaries continued

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

Subsidiary undertaking	Nature of business	Country of incorporation
Begbies Traynor Limited*	Holding company	England and Wales
BTG Consulting Limited*	Holding company	England and Wales
Begbies Traynor International Limited*	Holding company	England and Wales
Begbies Traynor (Central) LLP	Insolvency and restructuring	England and Wales
BTG Corporate Finance LLP	Corporate finance	England and Wales
Begbies Traynor (Investigations) Limited	Investigation agency	England and Wales
BTG Financial Consulting LLP	Financial consulting	England and Wales
BTG Risk LLP	Risk consultancy	England and Wales
BTG Global Advisory Limited	International network organisation	England and Wales
Eddisons Commercial (Holdings) Limited*	Property consultancy	England and Wales
Eddisons Commercial Limited	Property consultancy	England and Wales
Eddisons Commercial (Property Management) Limited	Property consultancy	England and Wales
Eddisons Insurance Services Limited	Insurance brokerage	England and Wales
Eddisons Holdings Limited	Holding company	England and Wales
Eddisons Trustee Company Limited	Employee trust	England and Wales
The London Silver Vaults and Chancery Lane Safe Deposit Company Limited	Management company	England and Wales
Eddisons Commercial Ireland Limited	Property consultancy	Ireland
Eddisons France Sarl	Facilities management	France
Eddisons Spain S.L	Facilities management	Spain
Eddisons Switzerland Sarl	Facilities management	Switzerland
Eddisons Commercial Israel Limited	Facilities management	Israel
Eddisons Jordan LLC	Facilities management	Jordan
Eddisons Germany GmbH	Facilities management	Germany
Eddisons Italy S.R.L	Facilities management	Italy
Eddisons Norway AS	Facilities management	Norway
Eddisons Hungary Kft	Facilities management	Hungary
Eddisons Egypt	Facilities management	Egypt
Insolvency Advice Limited*	Dormant	England and Wales
W3 Debt Solutions LLP	Dormant	England and Wales
W3 Home Loans Limited	Dormant	England and Wales
Marplace (No 625) (an unlisted company)	Dormant	England and Wales
Begbies Traynor (East) Limited	Dormant	England and Wales
Marplace (No 622) Limited	Dormant	England and Wales
Begbies Traynor (North) Limited	Dormant	England and Wales
Begbies Traynor (Central) Limited	Dormant	England and Wales
Begbies Accountants Limited	Dormant	England and Wales
David Horner & Co Limited	Dormant	England and Wales
Hamiltons Insolvency Practitioners Limited	Dormant	England and Wales
BTG Forensic Technology LLP	Dormant	England and Wales
Marplace (No 620) Limited	Dormant	England and Wales
Begbies Traynor (South West) LLP	Dormant	England and Wales
Begbies Traynor Legal Services LLP	Dormant	England and Wales
Begbies Traynor (Scotland) LLP	Dormant	Scotland
Begbies Traynor (Isle of Man) Limited	Dormant	Isle of Man

### 3. Investment in subsidiaries continued

Subsidiary undertaking	Nature of business	Country of incorporation
BTG Tax LLP	Dormant	England and Wales
Begbies Traynor (Channel Islands) Limited	Dormant	Jersey
Eddisons Commercial (Middle East) Limited	Dormant	England and Wales
Eddisons East Point Limited	Dormant	Ireland
Philip Davies & Sons (Group) Limited	Dormant	England and Wales
Philip Davies & Sons Limited	Dormant	England and Wales

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

All shareholdings relate to ordinary shares.

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

### 4. Debtors

	2015 £'000	2014 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	35,223	32,010
Other debtors	238	249
	<b>35,461</b>	<b>32,259</b>

### 5. Other creditors and accruals

	2015 £'000	2014 £'000
<b>Amounts falling due within one year</b>		
Other creditors	449	88
<b>Amounts falling due after more than one year</b>		
Other creditors	1,125	—

### 6. Borrowings

	2015		2014	
	Due within one year £'000	Due after one year £'000	Due within one year £'000	Due after one year £'000
Bank loans	—	—	26	—

In the prior year the company had unsecured bank borrowings of £26,000, repayable within one year. Interest on the loan was fixed at 6.27%.

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

# Notes to the company financial statements continued

## for the year ended 30 April 2015

### 7. Share capital

	2015 thousand	2014 thousand	2015 £'000	2014 £'000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 5 pence				
At 1 May	91,422	90,135	4,572	4,508
Staff SIP scheme	111	145	5	7
Consideration for acquisition	13,095	1,142	655	57
At 30 April	104,628	91,422	5,232	4,572
<b>Allotted, called up but not fully paid</b>				
A ordinary shares of 3 pence				
At 1 May	6,882	3,313	206	99
Issue of shares	—	4,959	—	149
Conversion of shares	(1,973)	(1,390)	(59)	(42)
At 30 April	4,909	6,882	147	206
<b>Allotted, called up and fully paid</b>				
Deferred shares of 1 pence				
At 1 May	9,731	5,561	98	56
Conversion of shares	5,921	4,170	59	42
At 30 April	15,652	9,731	157	98
Issued share capital	125,189	108,035	5,536	4,876

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, 50,676 A ordinary shares from 31 October 2013 growth share plan were converted into deferred shares.

The growth share plan granted on 1 July 2011 matured during the year, and the 1,923,077 A ordinary shares converted into deferred shares.

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

## 8. Reserves

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 1 May 2014	18,020	17,584	15,340
Profit for the year	—	—	6,336
Shares issued	4,453	—	—
Dividends	—	—	(2,012)
Credit to equity for equity-settled share-based payments	—	—	61
<b>At 30 April 2015</b>	<b>22,473</b>	<b>17,584</b>	<b>19,725</b>

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

## 9. Reconciliation of movements in equity shareholders' funds

	2015 £'000	2014 £'000
At 1 May	55,820	57,010
Proceeds of share issues, net of costs:		
– nominal share capital	660	213
– share premium account	4,453	439
Profit for the year	6,336	127
Dividends	(2,012)	(2,002)
Credit to equity for equity-settled share-based payment	61	33
<b>At 30 April</b>	<b>65,318</b>	<b>55,820</b>

## Officers and professional advisors

### Directors

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

### Secretary

J A Humphrey

### Company number

5120043

### Registered office

340 Deansgate  
Manchester  
M3 4LY

### Bankers

#### HSBC Bank plc

4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

#### Santander UK plc

Manchester Corporate Business Centre  
298 Deansgate  
Manchester  
M3 4HH

#### M&G UK Companies Financing Fund II LP

Laurence Pountney Hill  
London  
EC4R 0HH

### Solicitors

#### Brabners LLP

55 King Street  
Manchester  
M2 4LQ

### Auditor

#### Deloitte LLP

Chartered accountants and statutory auditor  
Manchester, United Kingdom

### Registrar

#### Computershare Investor Services Plc

PO Box 82, The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

### Corporate and financial PR advisors

#### MHP Communications Limited

6 Agar Street  
London  
WC2N 4HN

### Nominated advisor and joint broker

#### Canaccord Genuity Limited

88 Wood Street  
London  
EC2V 7QR

### Joint broker

#### Shore Capital Stockbrokers Limited

The Corn Exchange  
Fenwick Street  
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Offices across the UK. [www.begbies-traynorgroup.com](http://www.begbies-traynorgroup.com)

Begbies Traynor Group plc is a company registered in England and Wales No: 5120043. Registered Office: 340 Deansgate, Manchester M3 4LY