9 July 2019

Begbies Traynor Group plc

Final results
for the year ended 30 April 2019

Begbies Traynor Group plc (the 'company' or the 'group'), the business recovery, financial advisory and property services consultancy, today announces its final results for the year ended 30 April 2019.

Financial highlights

	2019 £m	2018 £m
Revenue	60.1	52.4
Adjusted profit before tax*	7.1	5.6
Profit before tax	3.5	2.3
Adjusted basic EPS** (p)	4.9	4.0
Basic EPS (p)	2.2	1.3
Proposed total dividend (p)	2.6	2.4
Net debt	6.0	7.5

** Profit before tax of £3.5m (2018: £2.3m) plus amortisation of intangible assets arising on acquisitions of £2.4m (2018: £1.9m) and transaction costs of £1.2m (2018: £1.4m)*

*** See reconciliation in note 4*

Operational highlights

- Strong financial performance in line with upgraded expectations*, with revenue growth of 15% (9% organic) and an improved operating profit** margin of 12.6% (2018: 11.6%)
- All areas of the group performed well:
  - business recovery - growth from organic investment, acquisitions and an increase in insolvency numbers nationally;
  - advisory - benefit of prior year acquisition of Springboard Corporate Finance; and
  - property - continued to develop through focussed investment and acquisition
- Strong cash generation enabled reduction in net debt and leverage
- Proposed 8% increase in total dividend for the year, the second consecutive year of dividend growth

** Expectations upgraded in the full year trading update on 7 May 2019*
*** Operating profit before amortisation and transaction costs*

Outlook

- Well placed to continue our track record of growth
- Entered the new financial year with positive momentum
- Update on trading at annual general meeting in September 2019

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

"We have reported another year of strong financial performance, ahead of our original expectations, in which we have grown the business organically, completed four acquisitions and increased the dividend whilst reducing net debt. All areas of the group performed well, reflecting the benefits of recent organic investment, an increase in market activity and the good performance of recent acquisitions.

"Looking ahead, we are better positioned than ever with multiple sources of potential growth supported by a strong financial platform. There is currently uncertainty in the UK economy as a result of the Brexit process, but with a combination of our counter-cyclical activities together with our breadth of services, we are well placed to continue our track record of growth in the new financial year and beyond."

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

Enquiries please contact:

Begbies Traynor Group plc	0161 837 1700
Ric Traynor - Executive Chairman	
Nick Taylor - Group Finance Director	
Canaccord Genuity Limited	020 7523 8350
(Nominated Advisor and Joint Broker)	
David Tyrrell / Emma Gabriel	
Shore Capital	020 7408 4090
(Joint Broker)	
Mark Percy / Anita Ghanekar	
MHP Communications	020 3128 8100
Reg Hoare / Katie Hunt / Pete Lambie	

Information on Begbies Traynor Group can be accessed via the group's website at www.begbies-traynorgroup.com

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report another year of strong financial performance, in line with upgraded expectations*, in which we have grown the business organically, completed four acquisitions and increased the dividend whilst reducing net debt.

All areas of the group have performed well: business recovery, reflecting the benefits of recent organic investment and an increase in insolvency numbers nationally; advisory services, reflecting the prior year acquisition of Springboard Corporate Finance; and property services, which we have continued to develop through focussed investment and by acquisition.

The benefit of our strategy to increase the scale and quality of the group's businesses through both investment in organic growth and targeted acquisitions is reflected in our financial performance. We have delivered consecutive years of earnings growth since 2015, with compound growth in adjusted earnings per share of 14% over the last four years, enabling us to raise the dividend for the last two years.

The group now has an enhanced breadth of service lines with multiple sources of growth potential. Whilst we retain a counter-cyclical focus, which accounts for 65% of our income, our broad range of services positions the group well to grow across the economic cycle. Our principal activities, which fund our investment programme and enable the payment of dividends, generate strong operating margins and are highly cash generative.

Our insolvency practice continues to develop through targeted recruitment, focussed business development and acquisitions. The practice will also benefit from any cyclical growth in insolvency numbers nationally, reflecting its market leading position.

Our advisory team has grown through acquisition and recruitment in recent years and we continue to seek opportunities for further growth.

Our property services business has delivered consecutive years of growth since our initial acquisition of Eddisons in December 2014. Our strategy has been to strengthen and broaden both services and geographical coverage, which has resulted in profit growth in the division from £1.9m at our initial investment in December 2014 to £3.8m this year. The business is now focussed on three key areas: valuations; auctions and asset sales; and property consultancy, planning and management. In line with our strategy, we will continue to develop and invest in this business.

** Expectations upgraded in the full year trading update on 7 May 2019*

RESULTS

Group revenue in the year increased by 15% to £60.1m (2018: £52.4m), 9% of which was organic. Adjusted* profit before tax increased by 27% to £7.1m (2018: £5.6m). Statutory profit before tax increased to £3.5m (2018: £2.3m).

Adjusted** basic earnings per share increased by 23% to 4.9p (2018: 4.0p). Basic earnings per share increased to 2.2p (2018: 1.3p).

Net debt decreased to £6.0m (2018: £7.5m) with leverage (calculated as net debt to EBITDA***) improving to 0.7 times (2018: 1.1 times).

** Profit before tax £3.5m (2018: £2.3m) plus transaction costs £1.2m (2018: £1.4m) and amortisation of intangible assets arising on acquisitions £2.4m (2018: £1.9m)*

*** See reconciliation in note 4*

**** Profit before tax £3.5m (2018: £2.3m) plus interest £0.5m (2018: £0.5m), transaction costs £1.2m (2018: £1.4m) and amortisation of intangible assets arising on acquisitions £2.4m (2018: £1.9m), software amortisation £0.2m (2018: £0.2m), depreciation £0.6m (2018: £0.5m) and share-based payments £0.1m (2018: £0.3m)*

DIVIDEND

The board is pleased to recommend (subject to shareholder approval at the company's annual general meeting) an increased dividend for the year to 2.6p (2018: 2.4p), an increase of 8%. This comprises the interim dividend already paid of 0.8p (2018: 0.7p) and a proposed final dividend of 1.8p (2018: 1.7p).

This is the second consecutive year of dividend growth and reflects our confidence in sustaining our financial track record of earnings growth. The board remains committed to a long-term progressive dividend policy, which takes account of the market outlook, earnings growth and investment plans.

The final dividend will be paid on 7 November 2019 to shareholders on the register on 11 October 2019, with an ex-dividend date of 10 October 2019.

STRATEGY

Our strategy is to:

- be a trusted advisor to all of our clients, delivering innovative and entrepreneurial advice and solutions;
- increase the scale and quality of our businesses through both organic growth and acquisitions;
- deliver sustainable profitable growth, enabling increased shareholder value; and
- maintain our strong financial position enabling the investment in and development of the group and its people.

PEOPLE

The success of the group is reliant on the quality of advice and service delivered to our clients by our people. I would like to thank all of our colleagues for their contribution over the course of this year.

OUTLOOK

We are better positioned than ever with multiple sources of potential growth supported by a strong financial platform. We have a good pipeline of both organic and acquisition opportunities across all of our service lines.

There is currently uncertainty in the UK economy as a result of the Brexit process, but with a combination of our counter-cyclical activities together with our breadth of services, we are well placed to continue our track record of growth in the new financial year and beyond.

We have entered the new financial year with positive momentum and we are confident of delivering current market expectations. As usual, we will provide an update on trading at the time of the company's annual general meeting in September 2019.

Ric Traynor
Executive chairman
9 July 2019

BUSINESS REVIEW

OPERATING REVIEW

Business recovery and financial advisory services

Revenue increased by 13.2% to £43.3m (2018: £38.3m), reflecting the benefit of increased market activity levels; the continuing development of our advisory services, with the prior year acquisition of Springboard Corporate Finance; and the benefit of organic growth initiatives.

Operating costs increased by £3.9m to £34.6m (2018: £30.7m) principally as a result of costs associated with acquired businesses, organic investment and increased people costs.

Segmental profits* increased by 14.5% to £8.7m (2018: £7.6m) with margins of 20.0% (2018: 19.8%).

Insolvency volumes nationally increased, with the underlying number of corporate insolvencies** in calendar year 2018 growing by 10% to 16,106 (2017: 14,630). In this improving market, we have maintained our market share, continuing to take the largest number of corporate insolvency appointments in the UK.

We have strengthened our team through the recruitment of work-winning senior people and continued to develop our existing teams. We also completed the acquisition of two insolvency boutiques (KRE (North East) in Newcastle and Dunion & Co in Stoke-on-Trent) with seven partners and staff joining the group and integrating with our existing teams.

Our advisory activities increased in the year, benefiting from the full year impact of the acquisition of Springboard Corporate Finance. The team performed well in the year, advising on 15 completed transactions for a gross value of £117m.

The number of people employed in the division has increased to 364 as at 30 April 2019 from 351 at the start of the financial year.

** See note 2*

***Source: The Insolvency Service quarterly statistics on the number of corporate insolvencies in England and Wales on a seasonally adjusted basis, excluding the one-off effect of 1,349 (2017: 2,686) bulk insolvencies as identified by The Insolvency Service*

Property services

Revenue increased by 18.2% to £16.7m (2018: £14.2m), with strong financial performance across the division reflecting the benefit of both current and prior year acquisitions, organic growth initiatives and the completion of several property insolvencies. Operating costs increased by £1.8m to £12.9m (2018: £11.1m) due to acquired businesses and organic investment costs.

Segmental profits* increased to £3.8m (2018: £3.1m) with margins increasing to 22.5% (2018: 22.1%).

During the year we completed several long-running property insolvencies, which enhanced margin in the year. We have continued to invest in our property valuation team, through the recruitment of experienced surveyors, which has improved our geographical coverage and positions the business well for future years.

Our asset disposal teams performed well. Property auction levels were broadly in line with the prior year. We continue to complete the majority of our sales through in-room auctions but have during the year introduced an online platform. Machinery and business asset activity levels increased following our prior year acquisition of the CJM Asset Management business, which has integrated well with our existing team.

The building consulting team had a very successful year, increasing our instructions from the education sector which has been a key area of development. We have increased the size of our team through recruitment and it is well positioned to continue to grow.

The division completed two acquisitions in the year, which have increased both our expertise and geographical coverage.

In January 2019, we completed the acquisition of Croft Transport Planning & Design ("Croft"), with the ten employees and management joining our Manchester office. Croft provides highways, transport and traffic planning advice on commercial, residential and mixed use schemes to a corporate client base, which includes developers, house builders and land owners. This expands the consultancy services we can offer to real estate developers and corporate clients.

In April 2019, we acquired Barker Storey Matthews ("BSM"), an independent firm of chartered surveyors with offices in Cambridge, Huntingdon, Peterborough and Bury St Edmunds, with 38 employees joining Eddisons. The core services offered are commercial property agency, property management, building consultancy, professional services (including valuations) and planning services, consistent with our core service offerings. BSM was ranked the overall winner for Eastern England in the EG Deals Competition 2018 for commercial property agents. The addition of the BSM team expands our geographical coverage.

The number of people employed in the division has increased to 245 as at 30 April 2019 from 182 at the start of the financial year.

** See note 2*

Partners and employees

As at 30 April 2019, the group employed a total of 650 partners and staff (2018: 576); this comprises 486 fee earners and 164 support staff.

FINANCE REVIEW

Financial summary

	2019 £m	2018 £m
Revenue	**60.1**	52.4
Operating profit (before transaction costs and amortisation)	**7.6**	6.1
Interest costs	**(0.5)**	(0.5)
Adjusted profit before tax	**7.1**	5.6
Transaction costs	**(1.2)**	(1.4)
Amortisation of intangible assets arising on acquisitions	**(2.4)**	(1.9)
Profit before tax	**3.5**	2.3
Tax	**(1.1)**	(0.9)
Profit for the year	**2.4**	1.4

Operating result (before transaction costs and amortisation)

Revenue in the year increased by £7.7m to £60.1m (2018: £52.4m), an overall increase of 14.5% in the year, of which 8.6% was organic and 5.9% was acquired.

Operating margins increased in the year to 12.6% (2018: 11.6%), due to increased segmental margins in both divisions and the benefit of operating leverage as the business has grown. Operating profit increased by 24.7% to £7.6m (2018: £6.1m).

Adjusted profit before tax increased by £1.5m to £7.1m (2018: £5.6m), an increase of 26.7% in the year as a result of the increased operating profits with interest costs in line with the prior year.

IFRS 15 ‘Revenue from Contracts with Customers’ and IFRS 9 ‘Financial Instruments’ have been implemented with effect from 1 May 2018. The adoption of these standards had a minimal impact on reported revenue, profit and earnings per share in the current year. We have applied these standards using the retrospective application method, giving an opening adjustment to retained earnings rather than a restatement of prior periods. This is detailed further in note 1.

Tax

The overall tax charge for the year was £1.1m (2018: £0.9m), giving an effective rate of 31% (2018: 38%). This comprised a charge on adjusted profit before tax of £1.6m (2018: £1.3m), partially offset by a tax credit resulting from transaction costs and amortisation of £0.5m (2018: £0.4m). The tax rate on adjusted profits was 22%, in line with the prior year.

Earnings per share

Adjusted basic earnings per share* increased by 22.5% to 4.9p (2018: 4.0p). Basic earnings per share increased to 2.2p (2018: 1.3p).

** See reconciliation in note 4*

Acquisitions

During the year the group completed four acquisitions:

- Croft Transport Planning & Design on 31 January 2019 for initial consideration of £1.5m (£1.125m in cash and the issue of 640,150 new ordinary shares) with a maximum additional cash payment of £2.5m subject to financial performance in the five year period following the acquisition.
- KRE (North East) on 13 February 2019 for initial consideration of £0.45m (in cash) with a maximum additional cash payment of £0.15m subject to financial performance in the one year period following the acquisition.
- Dunion & Co on 1 March 2019 for initial consideration of £0.1m (in cash) with a maximum additional cash payment of £0.1m subject to financial performance in the two year period following the acquisition.
- Barker Storey Matthews on 5 April 2019 for initial consideration of £1.6m (£1.067m in cash and the issue of 844,290 new ordinary shares) with a maximum additional cash payment of £1.4m subject to financial performance in the three year period following the acquisition.

The net cash outflow from acquisitions in the year was £1.2m, comprising the cash consideration of £2.7m net of cash acquired of £1.5m.

The acquired businesses have performed in line with expectations in the post-acquisition period and the integration with our existing businesses is progressing well.

A proportion of the consideration payable for these acquisitions requires post-acquisition service obligations to be performed by the selling shareholders. These amounts are accounted for as deemed remuneration and charged to the consolidated statement of comprehensive income over the period of the service obligation. The value of net assets acquired exceeds the accounting value of consideration and consequently a gain of £2.9m has been recognised within transaction costs in the year.

Financing

Net debt at the year end reduced to £6.0m (2018: £7.5m). This reflected cash generated from operations in the year of £7.3m (2018: £7.5m) partially offset by investment in acquisitions (net of cash acquired), deferred consideration payments and capital expenditure of £3.2m (2018: £2.4m) and dividends paid of £2.6m (2018: £2.4m).

During the year, we agreed an extension to our banking facilities with HSBC, which now provides the group with a committed facility until 2023. These facilities are unsecured, mature on 31 August 2023 and comprise a £25m committed revolving credit facility and a £5m uncommitted acquisition facility.

During the year, all bank covenants were comfortably met and the group remains in a strong financial position. As a result of the reduced levels of debt together with increased profits, our leverage (calculated as net debt to EBITDA*) improved to 0.7 times (2018: 1.1 times).

** Profit before tax £3.5m (2018: £2.3m) plus interest £0.5m (2018: £0.5m), transaction costs £1.2m (2018: £1.4m) and amortisation of intangible assets arising on acquisitions £2.4m (2018: £1.9m), software amortisation £0.2m (2018: £0.2m), depreciation £0.6m (2018: £0.5m) and share-based payments £0.1m (2018: £0.3m)*

Net assets

At 30 April 2019 net assets were £59.7m (2018: £59.1m). The movement in net assets reflects an increase of £2.9m, from post-tax adjusted earnings of £5.5m net of dividends of £2.6m; £2.2m from the issue of new shares, principally in relation to acquisitions; offset by a reduction of £1.4m from the adoption of IFRS 15 and IFRS 9 at 1 May 2018 (see note 1) and the post-tax impact of acquisition-related transaction and amortisation costs of £3.1m.

Going concern

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

Ric Traynor
Executive chairman
9 July 2019

Nick Taylor
Group finance director
9 July 2019

Consolidated statement of comprehensive income

	Note	**2019 £'000**	2018 £'000
Revenue	2	**60,058**	52,441
Direct costs		**(34,276)**	(30,141)
Gross profit		**25,782**	22,300
Other operating income		**393**	400
Administrative expenses		**(22,163)**	(19,922)
Operating profit (before amortisation and transaction costs)	2	**7,553**	6,059
Transaction costs	3	**(1,180)**	(1,364)
Amortisation of intangible assets arising on acquisitions		**(2,361)**	(1,917)
Operating profit		**4,012**	2,778
Finance costs		**(486)**	(482)
Profit before tax		**3,526**	2,296
Tax		**(1,092)**	(872)
Profit and total comprehensive income for the year		**2,434**	1,424
Earnings per share			
Basic	4	**2.2 pence**	1.3 pence
Diluted	4	**2.1 pence**	1.3 pence

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

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2017	5,640	22,335	18,507	—	11,618	58,100
Profit for the year					1,424	1,424
Dividends	—	—	—	—	(2,356)	(2,356)
Credit to equity for equity-settled share-based payments	—	—	—	—	295	295
Own shares acquired in the year	(304)			304	(226)	(226)
Shares issued as consideration for acquisitions	101	—	1,374	—	—	1,475
Shares issued as deferred consideration	33	—	367	—	—	400
SIP shares issued	3	34	—	—	—	37
Other share options	35	420	—		(455)	—
At 30 April 2018	**5,508**	**22,789**	**20,248**	**304**	**10,300**	**59,149**
Adjustment for changes in accounting policy	—	—	—	—	(1,448)	(1,448)
Balance at 30 April 2018 after adjustments					8,852	57,701
Profit for the year	—	—	—	—	2,434	2,434
Dividends	—	—	—	—	(2,649)	(2,649)
Credit to equity for equity-settled share-based payments	—	—	—	—	99	99
Shares issued as consideration for acquisitions	74	—	834	—	—	908
Shares issued as deferred consideration	93	—	1,107	—	—	1,200
SIP shares issued	1	7	—	—	—	8
Other share options	43	394	—		(437)	—
At 30 April 2019	**5,719**	**23,190**	**22,189**	**304**	**8,299**	**59,701**

Consolidated balance sheet

	Note	**2019 £'000**	2018 £'000
Non-current assets			
Intangible assets		**59,392**	59,061
Property, plant and equipment		**1,766**	1,512
Trade and other receivables	6	**3,220**	1,759
		64,378	62,332
Current assets			
Trade and other receivables	6	**32,653**	30,829
Cash and cash equivalents		**4,009**	3,518
		36,662	34,347
Total assets		**101,040**	96,679
Current liabilities			
Trade and other payables	7	**(22,664)**	(17,268)
Current tax liabilities		**(1,976)**	(1,548)
Provisions		**(588)**	(783)
		(25,228)	(19,599)
Net current assets		**11,434**	14,748
Non-current liabilities			
Trade and other payables	7	**—**	(1,093)
Borrowings		**(10,000)**	(11,000)
Provisions		**(763)**	(414)
Deferred tax		**(5,348)**	(5,424)
		(16,111)	(17,931)
Total liabilities		**(41,339)**	(37,530)
Net assets		**59,701**	59,149
Equity			
Share capital		**5,719**	5,508
Share premium		**23,190**	22,789
Merger reserve		**22,189**	20,248
Capital redemption reserve		**304**	304
Retained earnings		**8,299**	10,300
Equity attributable to owners of the company		**59,701**	59,149

Consolidated cash flow statement

	2019 £'000	2018 £'000
Cash flows from operating activities		
Cash generated by operations	**9,178**	9,065
Income taxes paid	**(1,362)**	(980)
Interest paid	**(489)**	(558)
Net cash from operating activities	**7,327**	7,527
Investing activities		
Purchase of intangible fixed assets	**(216)**	(77)
Purchase of property, plant and equipment	**(784)**	(394)
Deferred consideration payments	**(1,030)**	(1,132)
Acquisition of businesses (net of cash acquired)	**(1,167)**	(803)
Net cash used in investing activities	**(3,197)**	(2,406)
Financing activities		
Dividends paid	**(2,649)**	(2,356)
Proceeds on issue of SIP scheme shares	**10**	38
Repayment of loans	**(1,000)**	(6,000)
Net cash used in financing activities	**(3,639)**	(8,318)
Net increase (decrease) in cash and cash equivalents	**491**	(3,197)
Cash and cash equivalents at beginning of year	**3,518**	6,715
Cash and cash equivalents at end of year	**4,009**	3,518

1. Basis of preparation and accounting policies

The results for the year ended 30 April 2019 have been prepared on the basis of accounting policies consistent with those set out in the annual report to shareholders of Begbies Traynor Group plc for the year ended 30 April 2018, apart from those affected by the implementation of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' as noted below. These impact the accounting policies for revenue and trade receivables.

The group's financial statements for the year ended 30 April 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the EU. Whilst the financial information included in this announcement has been prepared in accordance with IFRS, this announcement itself does not contain sufficient information to comply with IFRS.

This financial information does not include all of the information and disclosures required for full annual financial statements and does not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006.

The comparative figures for the year ended 30 April 2018 do not comprise the group's statutory accounts for that financial year. Those accounts have been reported upon by the group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Statutory accounts for Begbies Traynor Group plc for 2019 will be delivered to the Registrar of Companies following the company's annual general meeting. The auditors have reported on these accounts; their report is unqualified and does not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under either section 498 (2) or (3) of the Companies Act 2006. The 2018 annual report will be available on the group's website: www.begbies-traynorgroup.com.

Going concern

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

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, this financial information is prepared on the going concern basis.

Adjusted performance measures

Management believes that adjusted performance measures provide meaningful information to the users of the accounts on the performance of the business and are the performance measures used by the board. Accordingly, adjusted measures of operating profit, profit before tax and earnings per share exclude, where applicable, transaction costs, amortisation of intangible assets arising on acquisitions and related tax effects on these items. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

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

Adoption of new accounting standards

The following standards became effective in the financial year commencing 1 May 2018 and have been applied using the retrospective application method; giving an opening adjustment to retained earnings rather than a restatement of prior periods. The comparative information is not restated, and is therefore presented in line with the accounting standard applicable in the comparative year.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 introduces a new model for revenue recognition, which is based upon the transfer of control rather than the transfer of risks and rewards under IAS 18 'Revenue'. On the majority of the group's engagement types the point at which revenue is recognised has not changed, as the point of transfer of control under IFRS 15 (which determines revenue recognition) is the same as the point of transfer of risks and rewards (which determines revenue recognition under IAS 18).

However, on two of the group's engagement types, the adoption of IFRS 15 has resulted in a change in revenue recognition as either:

- IFRS 15 requires the group to have enforceable rights to payment to meet recognition criteria for revenue having satisfied a performance obligation. On a number of contracts the group may not have enforceable rights to payment at the early stage of the contract and revenue will not be recognised until these rights are in place; or
- IFRS 15 requires certain contracts to be combined, where they are entered into at or near the same time, with the same customer and negotiated with a single commercial objective or a single performance obligation.

1. Basis of preparation and accounting policies (continued)

IFRS 9 'Financial Instruments'

The introduction of IFRS 9 impacts the group's accounting policy for trade receivables through the recognition of an expected loss provision for future impairment of receivables.

Opening adjustment to retained earnings

The adoption of these standards at 1 May 2018 reduced trade and other receivables by £1.8m and increased deferred tax assets by £0.4m, giving a reduction in net assets of £1.4m.

The tables below show the impact of adopting these new accounting policies in the year.

Consolidated statement of comprehensive income

	As reported 30 April 2019	IFRS 15 adjustment	IFRS 9 adjustment	**Balances without adoption of new standards 30 April 2019**	Year ended 30 April 2018
	£'000	£'000	£'000	**£'000**	£'000
Revenue	60,058	15	—	**60,073**	52,441
Direct costs	(34,276)	—	—	**(34,276)**	(30,141)
Gross profit	25,782	15	—	**25,797**	22,300
Other operating income	393	—	—	**393**	400
Administrative expenses	(22,163)		31	**(22,132)**	(19,922)
Operating profit before amortisation and transaction costs	7,553	15	31	**7,599**	6,059
Transaction costs	(1,180)	—	—	**(1,180)**	(1,364)
Amortisation	(2,361)	—	—	**(2,361)**	(1,917)
Operating profit	4,012	15	31	**4,058**	2,778
Finance costs	(486)	—	—	**(486)**	(482)
Profit before tax	3,526	15	31	**3,572**	2,296
Tax	(1,092)	(3)	(6)	**(1,101)**	(872)
Profit and total comprehensive income for the period	2,434	12	25	**2,471**	1,424
Earnings per share					
Basic	2.2p			**2.2p**	1.3p
Diluted	2.1p			**2.1p**	1.3p

Consolidated balance sheet

	As reported 30 April 2019	IFRS 15 adjustment	IFRS 9 adjustment	**Balances without adoption of new standards 30 April 2019**	30 April 2018
	£'000	£'000	£'000	**£'000**	£'000
Non-current assets	64,378	—	—	**64,378**	62,332
Current assets					
Trade and other receivables	32,653	1,261	391	**34,305**	30,829
Cash and cash equivalents	4,009	—	—	**4,009**	3,518
	36,662	1,261	391	**38,314**	34,347
Total assets	101,040	1,261	391	**102,692**	96,679
Current liabilities					
Trade and other payables	(22,664)	182	—	**(22,482)**	(17,268)
Current tax liabilities	(1,976)	(3)	(6)	**(1,985)**	(1,548)
Provisions	(588)	—	—	**(588)**	(783)
	(25,228)	179	(6)	**(25,055)**	(19,599)
Net current assets	11,434	1,440	385	**13,259**	14,748
Non-current liabilities					
Trade and other payables	—	—	—	—	(1,093)
Borrowings	(10,000)	—	—	**(10,000)**	(11,000)
Provisions	(763)	—	—	**(763)**	(414)
Deferred tax	(5,348)	(271)	(67)	**(5,686)**	(5,424)
	(16,111)	(271)	(67)	**(16,449)**	(17,931)
Total liabilities	(41,339)	(92)	(73)	**(41,504)**	(37,530)
Net assets	59,701	1,169	318	**61,188**	59,149

2. Segmental analysis

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

	Business recovery and financial advisory services 2019 £'000	**Property services 2019 £'000**	**Consolidated 2019 £'000**
Revenue			
Total revenue from rendering of professional services	**43,313**	**16,903**	**60,216**
Inter-segment revenue	**—**	**(158)**	**(158)**
Revenue from external customers	**43,313**	**16,745**	**60,058**
Segmental result	**8,658**	**3,765**	**12,423**
Shared and central costs			**(4,870)**
Operating profit before amortisation and transaction costs			**7,553**

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

3. Transaction costs

	2019 £'000	2018 £'000
Deemed remuneration	**2,806**	1,678
Acquisition costs	**154**	117
Gain on acquisition	**(2,909)**	(1,189)
Charge arising under Begbies Traynor (London) LLP put and call option	**1,129**	758
	1,180	1,364

4. Earnings per share

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

	2019 £'000	2018 £'000
Earnings		
Profit for the year attributable to equity holders	**2,434**	1,424

	2019 number	2018 number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**112,547,759**	108,998,901
Effect of:		
Share options	**404,262**	1,264,656
Contingent shares as consideration for capital transactions	**3,476,190**	3,196,612
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**116,428,211**	113,460,169

4. Earnings per share (continued)

	2019 pence	2018 pence
Basic and diluted earnings per share		
Basic earnings per share	**2.2**	1.3
Diluted earnings per share	**2.1**	1.3

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

	2019 £'000	2018 £'000
Earnings		
Profit for the year attributable to equity holders	**2,434**	1,424
Amortisation of intangible assets arising on acquisitions	**2,361**	1,917
Transaction costs	**1,180**	1,364
Tax effect of above items	**(449)**	(364)
Adjusted earnings	**5,526**	4,341

	2019 pence	2018 pence
Adjusted basic earnings per share	**4.9**	4.0
Adjusted diluted earnings per share	**4.7**	3.8

5. Dividends

	2019 £'000	2018 £'000
Amounts recognised as distributions to equity holders in the year		
Interim dividend for the year ended 30 April 2018 of 0.7p (2017: 0.6p) per share	**771**	640
Final dividend for the year ended 30 April 2018 of 1.7p (2017: 1.6p) per share	**1,878**	1,716
	2,649	2,356
Amounts proposed as distributions to equity holders		
Interim dividend for the year ended 30 April 2019 of 0.8p (2018: 0.7p) per share	**914**	771
Final dividend for the year ended 30 April 2019 of 1.8p (2018: 1.7p) per share	**2,058**	1,872
	2,972	2,643

The proposed final dividend is subject to approval by shareholders at the annual general meeting in September 2019. The interim dividend for 2019 was not paid until 9 May 2019 and, accordingly, has not been included as a liability in these financial statements nor as a distribution to equity shareholders.

6. Trade and other receivables

	2019 £'000	2018 £'000
Non-current		
Deemed remuneration	**3,220**	1,759
Current		
Trade receivables	**7,823**	6,740
Less: impairment provision	**(1,338)**	(1,082)
Trade receivables – net	**6,485**	5,658
Unbilled income	**21,310**	21,719
Other debtors and prepayments	**2,379**	2,153
Deemed remuneration	**2,479**	1,299
	32,653	30,829

7. Trade and other payables

	2019 £'000	2018 £'000
Current		
Trade payables	**953**	1,414
Accruals	**7,125**	6,902
Other taxes and social security	**3,308**	2,319
Deferred income	**3,338**	1,807
Other creditors	**4,830**	4,249
Deemed remuneration liabilities	**3,110**	577
	22,664	17,268
Non-current		
Deemed remuneration liabilities	—	1,093

8. Reconciliation to the cash flow statement

	2019 £'000	2018 £'000
Profit for the year	**2,434**	1,424
Adjustments for:		
Tax	**1,092**	872
Finance costs	**486**	482
Amortisation of intangible assets	**2,558**	2,099
Depreciation of property, plant and equipment	**563**	488
Deemed remuneration	**2,806**	1, 678
Charge relating to the put and call option over Begbies Traynor (London) LLP	**1,129**	758
Gain on acquisition	**(2,909)**	(1,189)
Share-based payment expense	**99**	295
Operating cash flows before movements in working capital	**8,258**	6,907
Increase in receivables	**(827)**	(458)
Increase in payables	**1,643**	2,742
Increase (decrease) in provisions	**104**	(126)
Cash generated by operations	**9,178**	9,065