

Begbies Traynor Group plc  
Annual Report and Accounts 2014  
Company number 5120043

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## Begbies Traynor Group plc

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

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

More about us can be found on pages 02–05

## No.1

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

## 35

the number of UK locations  
from which we operate

## 449

staff and partners at 30 April 2014

## 17

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

	2014	2013
Revenue (£m)	45.8	51.1
Adjusted profit before tax <sup>1</sup> (£m)	5.0	6.7
Profit before tax (£m)	3.8	2.4
Adjusted basic EPS <sup>2</sup> (p)	4.3	5.3
Basic EPS (p)	3.3	1.6
Proposed total dividend (p)	2.2	2.2

## Highlights

- Results in line with market expectations and market-leading position maintained
- Reduced revenue and adjusted profit reflect 9% reduction in UK insolvencies in calendar year 2013
- Solid double digit margins<sup>3</sup> of 13.3% (2013: 15.0%), with cost savings partially mitigating reduced revenue
- Statutory profit rose due to lower exceptional items than last year
- Acquired Cooper Williamson, a Manchester-based insolvency boutique with a strong internet presence
- Strong cash generation giving a £2.7 million reduction in net debt to £14.5 million compared to a year ago

## Post year end

- Acquired Ian Franses, a London-based insolvency specialist
- Appointments include BTG Financial Consulting managing the disposal of Reading FC

<sup>1</sup> Profit before tax of £3.8 million (2013: £2.4 million) plus amortisation of £0.4 million (2013: £0.4 million) plus exceptional and net acquisition-related items of £0.8 million (2013: £3.9 million)

<sup>2</sup> See reconciliation in note 10

<sup>3</sup> EBITA (earnings before interest, tax and amortisation of intangible assets arising on acquisitions) before exceptional items

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For more on who we are and what we do:  
[www.begbies-traynorgroup.com](http://www.begbies-traynorgroup.com)

# Chairman's statement

## Introduction

The group's results for the year reflect the continuation of the challenging trends seen in the recent past. The benign financing environment in the UK resulted in a 9% reduction in the number of corporate insolvencies in the calendar year 2013 compared to 2012.

Against this backdrop, the group has maintained its market-leading position, having handled the largest number of corporate insolvency appointments in the UK, and has delivered solid profits and margins, with £4.0 million of cost reductions having partially mitigated the full impact of reduced revenues.

Our continued focus on cash management has resulted in strong cash generation and a £2.7 million reduction in net debt compared to a year ago, after £0.55 million of initial and deferred acquisition payments.

With the benefit of a strong financial position and committed medium and long-term bank facilities, we have continued to invest in the group both organically and through acquisitions, and we also propose to maintain the dividend.

During the year, we have made good progress in developing our advisory services through the BTG Financial Consulting business. We also acquired Cooper Williamson, a Manchester-based insolvency boutique with a strong internet presence, which is now generating new insolvency cases for the wider group. Following the year end, we acquired Ian Franes Associates, a London-based insolvency specialist.

Overall, we have continued to consolidate our position as the UK's leading independent business recovery practice.

## Results

Group revenue in the year ended 30 April 2014 was £45.8 million (2013: £51.1 million). Adjusted profit before tax<sup>1</sup> was £5.0 million (2013: £6.7 million). Exceptional items and acquisition-related costs were £0.8 million (2013: £3.9 million). The exceptional costs in the current year relate to costs associated with the planned relocation of the group's

London offices (2013: restructuring costs of £3.8 million and costs relating to the debt refinancing of £0.1 million). Profit before tax was £3.8 million (2013: £2.4 million). Statutory profit for the year was £3.0 million (2013: £1.4 million).

Earnings per share<sup>2</sup>, adjusted for the net of tax impact of amortisation of intangible assets arising on acquisition, exceptional and acquisition-related costs were 4.3 pence (2013: 5.3 pence). Basic and fully diluted EPS were 3.3 pence (2013: 1.6 pence).

Following strong cash generation in the year, net debt reduced by £2.7 million to £14.5 million at 30 April 2014 (2013: £17.2 million), after £0.55 million of initial and deferred acquisition payments. Gearing reduced to 24% (2013: 30%) and the group has significant headroom in its committed banking facilities. Interest cover<sup>3</sup> was 5.5 times (2013: 7.8 times). Net assets per share were 65 pence (2013: 64 pence).

<sup>1</sup> Profit before tax of £3.8 million (2013: £2.4 million) plus amortisation of intangible assets arising on acquisitions of £0.4 million (2013: £0.4 million) plus exceptional items and acquisition-related costs of £0.8 million (2013: £3.9 million)

<sup>2</sup> See reconciliation in note 10

<sup>3</sup> Before exceptional costs 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. In the near term, dividend decisions reflect short-term fluctuations in profit, as a result of market conditions, and the requirement for continuing investment.

Having considered the results for the year, the outlook for the new financial year and the ongoing requirements of the business, the board has recommended the total dividend be maintained at 2.2 pence (2013: 2.2 pence), comprising the interim dividend already paid of 0.6 pence (2013: 0.6 pence) and a final dividend of 1.6 pence (2013: 1.6 pence).

The final dividend will be paid on 7 November 2014 to shareholders on

the register on 10 October 2014, with an ex-dividend date of 9 October 2014.

## 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 in our industry.

## Outlook

As the UK insolvency business with the largest market share by volume, any change in national insolvency numbers, which remain difficult to predict in the current climate, has a direct impact on our operational volumes and earnings. Whilst we do not anticipate any immediate change in activity levels, the expectation of an increase in interest rates over the forthcoming months has escalated recently. A sustained rise in rates would result in a less benign financing environment, with the possibility of an increasing number of insolvencies and restructuring assignments.

With the benefit of our reduced cost base, a strong financial position and committed medium and long-term bank facilities, the group remains well placed to take advantage of opportunities to develop and enhance the business, both organically and through selective acquisitions. We also retain the capacity and expertise to handle an increase in activity levels should they arise, which would result in improved profitability due to the inherent operational gearing in the business.

In common with last year, we expect the first half, which includes the quieter summer months, to be a relatively slow trading period, with the bias of activity towards the second half. For our core insolvency and restructuring business, we expect the current year to be one of consolidation, as we integrate acquisitions and retain the capacity to handle increased volumes.

An update on current trading will be provided at the time of the company's annual general meeting in September 2014.

**Ric Traynor**  
Executive chairman  
9 July 2014

## Who we are

Begbies Traynor Group plc 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.

We provide these services on a local, national and international basis through our extensive UK-wide office base and our international network of professionals in over 100 countries.

## Our services

### 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

Work closely with management, lenders and other key stakeholders to create solutions aimed at delivering an immediate impact and ensuring a sound basis for future trading

#### Services offered

- Business reviews
- Lender and creditor negotiation
- Corporate finance
- Valuation
- Debt advisory

### Forensic investigations and risk consulting

Financial investigations and valuations in support of litigation together with investigations and risk consulting

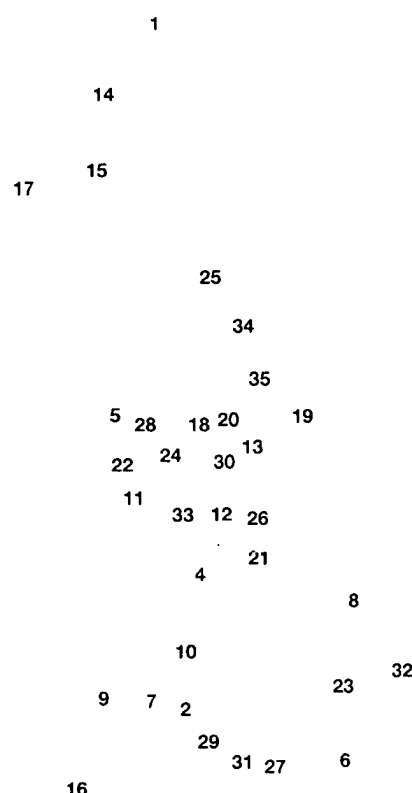
#### Services offered

- Forensic accountancy
- Investigation due diligence
- Asset tracing
- Security consultancy and crisis management

## 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	19 Hull
2 Bath	20 Leeds
3 Belfast	21 Leicester
4 Birmingham	22 Liverpool
5 Blackpool	23 London
6 Brighton	24 Manchester
7 Bristol	25 Newcastle upon Tyne
8 Cambridge	26 Nottingham
9 Cardiff	27 Portsmouth
10 Cheltenham	28 Preston
11 Chester	29 Salisbury
12 Derby	30 Sheffield
13 Doncaster	31 Southampton
14 Dundee	32 Southend
15 Edinburgh	33 Stoke-on-Trent
16 Exeter	34 Teesside
17 Glasgow	35 York
18 Halifax	



## Insolvency market

The number of corporate insolvencies (source: The Insolvency Service) for calendar year 2013 was 18,856 (2012: 20,749), a decrease of 9%. The number of appointments in the first quarter of 2014 stabilised to 4,751 (2013: 4,616). The sustained low level of interest rates at 0.5% (since May 2009) continues to provide a very benign financing environment for UK companies.

In previous economic cycles, the number of corporate appointments has peaked after recessions when the economy enters a recovery phase. This is due to a combination of financially stressed companies being unable to finance working capital requirements; higher interest rates giving an increased cost of finance for financially stressed businesses; and banks being willing to crystallise losses on distressed loans, supported by additional appetite from purchasers for distressed assets.

Although the economy has now entered a cycle of growth, this has not yet impacted on the level of corporate insolvency appointments.

## Our strategy

To enhance our market-leading position, ensuring the business is well placed to benefit from the opportunities presented by the long-term growth in the UK insolvency market, together with developing complementary service offerings such as financial, valuation and debt consulting.

### Strategic goals

#### Our goals

Develop insolvency practice through senior recruitment, selective acquisitions and staff development

#### Developments

- acquisition of Cooper Williamson, a Manchester insolvency boutique, including the business rescue website ([www.realbusinessrescue.co.uk](http://www.realbusinessrescue.co.uk)), which is now used to generate cases nationally
- recruited two new partners and promoted one fee earner to partner
- five of our fee earners passed JIEB exams in the year to qualify as insolvency practitioners

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Win higher value, more complex instructions

- completed several complex restructuring engagements in the year
- advised on significant debt advisory matters with debt in the £50 million–£300 million range

# Operating review

## 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 £10.6 million (2013: £12.3 million) as a result of a reduction in revenue to £43.0 million (2013: £47.5 million). Operating margins were 24.7% (2013: 25.9%). The reduced level of market activity led to lower insolvency appointments for the group, which, combined with pressure on fee rates, caused the reduced revenue levels in the year.

We remain focussed on our cost base as a result of the ongoing challenging trading environment. Following the restructuring completed in the previous financial year, together with the ongoing focus on cost levels, the divisional cost base decreased to £32.4 million in the year (2013: £35.2 million), which has partially mitigated the impact of the reduction in revenue.

The number of people employed in the division has decreased to 379 as at 30 April 2014 from 415 at the start of the financial year.

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 market.

We will continue to develop our core 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 will come from winning higher value, more complex instructions from existing clients and prospects, by demonstrating our capabilities and credentials.

## Global risk partners

Global risk partners is a specialist risk consulting and forensic investigation consultancy.

Revenues in this segment decreased to £2.8 million (2013: £3.6 million), resulting in a loss<sup>1</sup> of £0.2 million (2013: loss of £0.2 million). Having generated a loss of £0.2 million in the first six months of the financial year the division delivered a break-even performance in the final six months of the year.

The number of people employed in global risk partners decreased to 23 on 30 April 2014 from 30 at the start of the financial year.

## Partners and employees

As at 30 April 2014, the group employed a total of 449 people (2013: 501), a decrease of 10% compared with a year ago, which includes 348 direct fee earners, of whom 68 are partners, and 101 support staff.

We continue to invest in training and developing our people; five of our fee earners passed the Joint Insolvency Examination Board exams in November 2013. We are pleased to have recruited two new partners into the business and promoted one fee earner to partner.

## Developments in the year

We have continued to develop our advisory services through BTG Financial Consulting, which was launched in the last financial year. In addition to completing several complex restructuring assignments this year, we have also been appointed to advise on some significant debt advisory matters with debt levels in the £50 million–£300 million range. Subsequent to the year end we were appointed to manage the disposal of Reading FC, which follows from our other recent successes in this niche field, including Southampton, Port Vale and Hull City.

We are well advanced with further plans to continue developing our offering in the London market. Our existing team, who focus on executing higher value restructuring and consulting mandates as well as larger insolvency cases, will relocate to offices in Canary Wharf during summer 2014.

Subsequent to the year end, in June 2014 we completed the acquisition of Ian Franses Associates, a London-based insolvency specialist. This business, which is located in Paddington, will focus on executing higher volume liquidations and personal insolvencies in the London market. The acquisition will enable the group to provide complementary services from two London locations, providing a strong platform for growth in the largest market in the UK.

On 1 October 2013, we completed the acquisition of Cooper Williamson, a Manchester-based corporate insolvency boutique. Cooper Williamson had successfully developed its own business rescue website ([www.realbusinessrescue.co.uk](http://www.realbusinessrescue.co.uk)), which was a significant driver of new cases. The acquired business has now been fully integrated into our existing operations and the website is generating new insolvency cases for the group nationally.

<sup>1</sup> See note 4



## Finance review

	2014 £m	2013 £m
Revenue	45.8	51.1
EBITA (pre-exceptional items)	6.1	7.7
Finance costs	(1.1)	(1.0)
Adjusted profit before tax	5.0	6.7
Amortisation of intangible assets arising on acquisitions	(0.4)	(0.4)
Exceptional items	(0.8)	(3.9)
Profit before tax	3.8	2.4
Tax	(0.8)	(1.0)
Profit for the year	3.0	1.4

**EBITA (pre-exceptional items)**

Trading performance was affected by the challenging trading conditions in the year. Operating costs reduced by £4.0 million to £39.8 million (2013: £43.8 million) as a result of the restructuring exercise completed in 2013 and the ongoing management of the group's cost base. EBITA (pre-exceptional items) reduced to £6.1 million (2013: £7.7 million) with margins of 13.3% (2013: 15.0%).

**Finance costs**

Finance costs increased to £1.1 million (2013: £1.0 million) as a result of the increased costs of the new facilities entered into in April 2013.

**Amortisation**

Amortisation costs of £0.4 million (2013: £0.4 million) relate to the amortisation of intangible assets arising on acquisitions.

**Exceptional items**

Exceptional items in the year were £0.8 million relating to costs associated with the planned relocation of the group's London offices.

Exceptional items of £3.9 million in 2013 comprised restructuring costs of £3.8 million and costs relating to the debt refinancing of £0.1 million.

**Tax**

The tax charge for the year was £0.8 million (2013: £1.0 million), giving an effective rate of 20% (2013: 41%). The reduced effective rate reflects a tax credit in the current year, resulting from a reduction in deferred tax liabilities due to the enacted reduction in the corporation tax rate to 20% by 2015.

**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 4.3 pence (2013: 5.3 pence).

Basic and diluted EPS were 3.3 pence (2013: 1.6 pence).

<sup>1</sup> See reconciliation in note 10

**Acquisition**

On 1 October 2013, the group completed the acquisition of the trade and assets of Cooper Williamson Ltd, the Manchester-based corporate insolvency specialist. The acquisition was for an initial consideration of £0.9 million, satisfied in cash of £0.45 million and through the issue of 1,141,842 new ordinary shares.

Under the terms of the acquisition, there is contingent consideration payable of up to £1.6 million: £1.1 million subject to financial performance hurdles over the three years from completion, which may be satisfied in cash or by issuing new ordinary shares at the group's discretion. The group has also agreed to further consideration of up to £0.5 million, subject to financial performance in the following two years.

In accordance with IFRS 3 (revised), a liability of £0.6 million has been recognised in respect of contingent consideration (giving expected total consideration of £1.5 million) and acquisition costs of £0.1 million have been charged to the statement of comprehensive income as an exceptional item.

**Cash flows**

Cash generated by operations (before interest and tax payments) in the year was £7.4 million (2013: £7.8 million).

This cash flow is stated after £1.4 million (2013: £1.7 million) of restructuring payments and £0.2 million (2013: £1.4 million) of payments relating to discontinued operations, which were provided for in prior periods.

Tax payments in the year were £1.0 million (2013: £0.4 million). Interest payments were £0.9 million (2013: £1.5 million including £0.4 million of arrangement fees in respect of new bank facilities in the year).

Cash outflows from investing activities were £0.9 million (2013: £1.0 million). Capital expenditure was £0.4 million (2013: £0.4 million) and deferred payments relating to prior year acquisitions were £0.1 million (2013: £0.6 million). Acquisition payments were £0.4 million (2013: £nil).

Financing cash outflows were £2.0 million (2013: £4.1 million). During the year there was a repayment of asset finance obligations of £0.1 million (2013: £0.2 million) and a repayment on the group's principal bank facilities of £nil (2013: £2.0 million). Dividend payments were £2.0 million (2013: £2.0 million). Proceeds from share issues were £0.1 million (2013: £0.1 million).

**Financing**

Net borrowings reduced by £2.7 million to £14.5 million at 30 April 2014 (2013: £17.2 million), with a reduction in gearing to 24% (2013: 30%) 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. On 30 April 2014, the board cancelled the £5 million overdraft facility due to the reduced levels of debt and significant headroom within the committed facilities.

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 2014 net assets were £59.4 million (2013: £57.7 million), equivalent to net assets per share of 65 pence (2013: 64 pence).

Non-current assets increased to £53.6 million (2013: £52.6 million) due to intangible assets recognised on the acquisition of Cooper Williamson in the year.

Trade and other receivables decreased to £36.3 million (2013: £40.2 million), principally due to a reduction in working capital.

Net borrowings reduced to £14.5 million (2013: £17.2 million).

Trade and other payables, which reduced to £8.2 million (2013: £9.4 million), includes trade creditors and accruals of £5.9 million (2013: £7.1 million), tax and social security creditors of £1.7 million (2013: £2.0 million) and deferred consideration liabilities of £0.6 million (2013: £0.3 million) of which £0.3 million is payable within one year.

Provisions for property costs, restructuring costs and post-disposal obligations total £2.1 million (2013: £3.0 million) of which £1.5 million is payable within one year.

Current tax liabilities were £0.7 million (2013: £0.5 million). Deferred tax liabilities were £5.0 million (2013: £5.1 million).

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

Revenue (£m)		Adjusted EBITA (£m)	
51.1	45.8	7.7	6.1
2013	2014	2013	2014
Adjusted earnings per share (p)		Net debt (£m)	
5.3	4.3	2013	2014
2013	2014	17.2	14.5

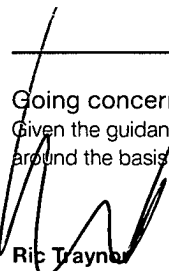
# Principal risks and uncertainties

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 insolvency market is 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 insolvency division operates in a regulated market. The actions of the Insolvency Practitioners and their ability to draw remuneration on an insolvency appointment are defined under UK statute.	To ensure compliance with relevant legislation in performing regulated insolvency activities, the group has a dedicated compliance team who maintain procedures and policies in line with current legislation.
Failure to comply with or changes in regulation or legislation may have an adverse impact on the activities of the business.	The group also has senior individuals who are in regular communication with the regulatory bodies and government.
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 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 risk of a shortage in funds through regular cash management and forecasting and ensuring suitable headroom within its banking facilities.
	The group's objective is to maintain a balance between continuity of funding and flexibility through the use of its committed banking facilities, together with bank overdrafts and loans, finance leases and hire purchase contracts.

## Going concern

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

  
**Ric Traynor**  
Executive chairman  
9 July 2014

  
**Mick Taylor**  
Group finance director

## Board of directors

### **Ric Traynor (age 54)** **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 43)** **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 46)** **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 and has been appointed in numerous complex and high-profile assignments. He is currently president of the Insolvency Practitioners Association.

### **John May (age 59)** **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 62)** **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.

# Directors' report

The directors present their Annual Report on the affairs of the group, together with the financial statements and auditor's report for the year ended 30 April 2014. 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 10.

## Dividends

The directors recommend a final dividend of 1.6 pence (2013: 1.6 pence) per ordinary share to be paid on 7 November 2014 to shareholders on the register at 10 October 2014. This, together with the interim dividend of 0.6 pence paid on 9 May 2014 (2013: 0.6 pence), makes a total of 2.2 pence for the year (2013: 2.2 pence).

## Substantial shareholdings

On 30 June 2014, the company has 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.

## Substantial shareholdings

Name of holder	Number	Percentage held
Allianz Global Investors	6,240,000	6.8%
Hof Hoorneman Bankiers	6,030,000	6.6%
Theodoor Gilissen	5,943,868	6.5%
Fidelity Worldwide Investment	3,960,889	4.3%
Heronbridge Investment Management	3,747,677	4.1%
Mitton Asset Management	3,195,374	3.5%

## 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 (2013: £nil).

## Auditor

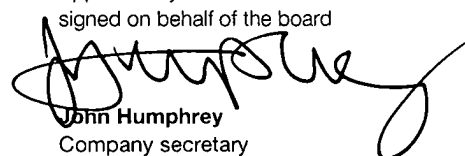
Each of the directors at the date of approval of this Annual Report confirms that:

- 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  
9 July 2014

# 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.

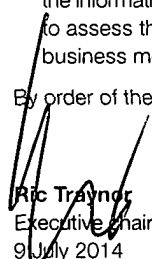
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 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**  
Executive chairman  
9 July 2014

  
**Nick Taylor**  
Group finance director

# Directors' remuneration report

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

## The remuneration committee

The remuneration committee comprises 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 or directors' fees and profit share, together with an annual bonus. In addition, directors receive income protection insurance, private medical insurance, retirement benefits 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 14.

## Directors' emoluments

Name of director	Fees/ basic salary/ profit share £	Benefits in kind £	2014 total £	2013 total £
<b>Executive</b>				
Ric Traynor	263,061	31,150	294,211	304,636
Nick Taylor	135,000	32,769	167,769	165,167
Mark Fry	547,917	52,886	600,803	506,081
Graham McInnes (to 5 July 2012)	—	—	—	10,300
Geoffrey Hill (to 5 July 2012)	—	—	—	18,539
<b>Non-executive</b>				
John May	25,000	—	25,000	25,000
Graham McInnes (from 5 July 2012)	25,000	—	25,000	18,750
<b>Aggregate emoluments</b>	<b>995,978</b>	<b>116,805</b>	<b>1,112,783</b>	<b>1,048,473</b>

# Directors' remuneration report continued

## Directors' interests

The directors who held office at 30 April 2014 had the following interests in the shares of the group:

Name of director	Description of shares	30 April 2014		1 May 2013 or subsequent date of appointment	
		Beneficial	%	Beneficial	%
Ric Traynor	Ordinary shares	26,561,697	29.1	26,561,697	29.5
Nick Taylor	Ordinary shares	5,000	0.01	5,000	0.01
Mark Fry	Ordinary shares	143,890	0.16	143,890	0.16
Graham McInnes	Ordinary shares	855,704	0.94	855,704	0.95
John May	Ordinary shares	202,500	0.22	202,500	0.23

No changes took place in the interests of directors between 30 April 2014 and 30 June 2014.

## 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 2013	Granted in year	Forfeited/ lapsed in year	Number at 30 April 2014	Exercise price (pence)	Earliest exercise date	Expiry date
Mark Fry	Growth shares	272,727	—	(272,727)	—	100	21 December 2013	21 December 2013
	Growth shares	1,923,077	—	—	1,923,077	68	1 July 2014	1 July 2014
	Growth shares	—	2,388,546	—	2,388,546	48	31 October 2016	31 October 2016
	Share options	—	1,000,000	—	1,000,000	36.69	30 April 2016	25 October 2023
Nick Taylor	Share options	50,000	—	—	—	61.8	15 July 2013	15 July 2017
	Share options	—	500,000	—	500,000	36.69	30 April 2016	25 October 2023

The market price of the company's shares at the end of the financial year was 44 pence and the range of market prices during the year was 29 pence to 47 pence.

Details of share options granted by the company at 30 April 2014 are given in note 20. 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 13 and 14.

## 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 2014, 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

## Other matter

We have reported separately on the parent company financial statements of Begbies Traynor Group plc for the year ended 30 April 2014.



**William Smith MA FCA (Senior Statutory Auditor)**

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

9 July 2014

# Consolidated statement of comprehensive income

## for the year ended 30 April 2014

	Notes	2014 £'000	2013 £'000
Revenue	3	45,750	51,092
Direct costs		(24,983)	(27,966)
Gross profit		20,767	23,126
Other operating income	3	156	343
Administrative expenses		(14,861)	(15,815)
Earnings before interest, tax and amortisation prior to exceptional items		6,062	7,654
Exceptional items	5	(806)	(3,898)
Earnings before interest, tax and amortisation		5,256	3,756
Amortisation of intangible assets arising on acquisitions		(353)	(364)
Finance costs	7	(1,108)	(977)
Profit before tax		3,795	2,415
Tax	8	(770)	(997)
Profit for the year		3,025	1,418
Total comprehensive income for the year		3,025	1,418
Earnings per share			
Basic and diluted	10	3.3 pence	1.6 pence

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

All results arose from the group's continuing operations.

# Consolidated statement of changes in equity

## for the year ended 30 April 2014

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2012	4,651	17,524	17,584	(33)	18,740	58,466
Total comprehensive income for the year	—	—	—	—	1,418	1,418
Dividends	—	—	—	—	(1,980)	(1,980)
Exchange differences recognised in income statement on disposals	—	—	—	33	—	33
Credit to equity for equity-settled share-based payments	—	—	—	—	99	99
Modification to share-based payments	—	—	—	—	(410)	(410)
Shares issued	12	57	—	—	—	69
At 30 April 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

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

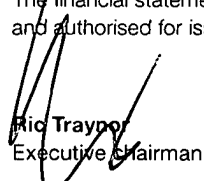
## Financial statements

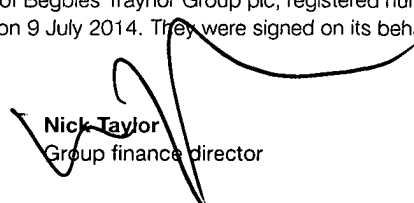
# Consolidated balance sheet

at 30 April 2014

	Notes	2014 £'000	2013 £'000
<b>Non-current assets</b>			
Intangible assets	11	51,897	50,436
Property, plant and equipment	12	1,708	2,165
		53,605	52,601
<b>Current assets</b>			
Trade and other receivables	13	36,292	40,233
Cash and cash equivalents		7,541	4,962
		43,833	45,195
<b>Total assets</b>		<b>97,438</b>	<b>97,796</b>
<b>Current liabilities</b>			
Trade and other payables	14	(7,849)	(9,413)
Current tax liabilities		(651)	(496)
Borrowings	15	(26)	(109)
Provisions	16	(1,465)	(2,157)
		(9,991)	(12,175)
<b>Net current assets</b>		<b>33,842</b>	<b>33,020</b>
<b>Non-current liabilities</b>			
Trade and other payables	14	(355)	—
Borrowings	15	(22,000)	(22,018)
Provisions	16	(678)	(830)
Deferred tax	17	(5,011)	(5,078)
		(28,044)	(27,926)
<b>Total liabilities</b>		<b>(38,035)</b>	<b>(40,101)</b>
<b>Net assets</b>		<b>59,403</b>	<b>57,695</b>
<b>Equity</b>			
Share capital	19	4,876	4,663
Share premium		18,020	17,581
Merger reserve		17,584	17,584
Retained earnings		18,923	17,867
<b>Equity attributable to owners of the company</b>		<b>59,403</b>	<b>57,695</b>

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 9 July 2014. 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 2014

	Notes	2014 £'000	2013 £'000
<b>Cash flows from operating activities</b>			
Cash generated by operations	22	7,377	7,793
Income taxes paid		(1,006)	(436)
Interest paid		(866)	(1,545)
<b>Net cash from operating activities</b>		<b>5,505</b>	<b>5,812</b>
<b>Investing activities</b>			
Proceeds on disposal of property, plant and equipment		—	40
Purchase of property, plant and equipment		(360)	(386)
Purchase of intangible fixed assets		(4)	(28)
Proceeds on disposal of businesses		—	30
Deferred consideration payments in the year		(101)	(667)
Acquisition of businesses		(450)	—
<b>Net cash from investing activities</b>		<b>(915)</b>	<b>(1,011)</b>
<b>Financing activities</b>			
Dividends paid		(2,002)	(1,980)
Repayments of hire purchase finance obligations		—	(98)
Proceeds on issue of shares		92	69
Repayment of loans		(101)	(132)
Repayment of bank facility		—	(2,000)
<b>Net cash from financing activities</b>		<b>(2,011)</b>	<b>(4,141)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,579</b>	<b>660</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>4,962</b>	<b>4,302</b>
<b>Cash and cash equivalents at end of year</b>		<b>7,541</b>	<b>4,962</b>

# Notes to the consolidated financial statements

## for the year ended 30 April 2014

### 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 15 and 18 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 £14.5 million was utilised (net of cash balances) at 30 April 2014.

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 items and acquisition-related costs

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 income statement.

The results of entities acquired or disposed of during the year are included in the consolidated income statement 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.

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 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. Acquisition-related costs are recognised in the income statement as incurred.

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, after reassessment, 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 profit or loss. 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 income statement.

#### (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 income statement 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% of cost
Leasehold improvements	evenly over period of lease

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

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

Assets in the course of construction are not depreciated.



## 2. Accounting policies continued

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

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

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

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

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

### (h) Financial instruments

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

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and 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 income statement 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.

#### 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 income statement 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 income statement 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.

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 2. Accounting policies continued

#### (k) Revenue recognition

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

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

Revenue recognised in this manner is based on an assessment of the fair value of the services provided at the balance sheet date reflecting the stage of completion (determined by costs incurred to date as a percentage of the total anticipated costs) of each assignment. These estimates and judgements may change over time as the case completes and this will be recognised in the income statement 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, which comprise a small element of the group's overall activities, 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 income statement 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 20.

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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

##### Deferred taxation

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement 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.

## 2. Accounting policies continued

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

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

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

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

#### Goodwill

The group records all assets and liabilities acquired in purchase acquisitions, including goodwill, at fair value. Goodwill is not amortised but is subject, at a minimum, to annual tests for impairment. The initial goodwill recorded and subsequent impairment review requires management to make subjective judgements concerning the value in use of cash-generating units. This requires an estimate of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. Details of the assumptions made are provided in note 11.

### (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
IFRS15 'Revenue from Contracts with Customers'	1 January 2017

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:

	2014 £'000	2013 £'000
Rendering of professional services	45,750	51,092
Other income	156	343
	45,906	51,435

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 4. Business segments

The group is managed as two operating segments: insolvency and restructuring and global risk partners.

Segmental information about these businesses is presented below.

	Insolvency and restructuring 2014 £'000	Global risk partners 2014 £'000	Consolidated 2014 £'000
<b>Revenue</b>			
Total revenue from rendering of professional services	42,956	2,815	45,771
Inter-segment revenue	—	(21)	(21)
External revenue	42,956	2,794	45,750
Segmental result	10,630	(224)	10,406
Shared and central costs			(4,344)
EBITA			6,062
Exceptional and acquisition-related costs			(806)
Amortisation of intangible assets arising on acquisitions			(353)
Finance costs			(1,108)
Profit before tax			3,795
Tax			(770)
Total profit for the financial year			3,025
<b>Balance sheet</b>			
<b>Assets</b>			
Segment assets	88,296	1,264	89,560
Unallocated corporate assets			7,878
Consolidated total assets			97,438
<b>Liabilities</b>			
Segment liabilities	(8,816)	(295)	(9,111)
Unallocated corporate liabilities			(28,924)
Consolidated total liabilities			(38,035)
<b>Net assets</b>			59,403

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

	Insolvency and restructuring 2014 £'000	Global risk partners 2014 £'000	Unallocated 2014 £'000	Consolidated 2014 £'000
<b>Other information</b>				
Capital additions	284	33	47	364
Depreciation and amortisation	719	124	499	1,342

#### 4. Business segments continued

	Insolvency and restructuring 2013 £'000	Global risk partners 2013 £'000	Consolidated 2013 £'000
<b>Revenue</b>			
Total revenue from rendering of professional services	47,522	3,720	51,242
Inter-segment revenue	—	(150)	(150)
External revenue	47,522	3,570	51,092
Segmental result	12,302	(212)	12,090
Shared and central costs			(4,436)
EBITA			7,654
Exceptional and acquisition-related costs			(3,898)
Amortisation of intangible assets arising on acquisitions			(364)
Finance costs			(977)
Profit before tax			2,415
Tax			(997)
Total profit for the financial year			1,418
<b>Balance sheet</b>			
<b>Assets</b>			
Segment assets	91,144	2,006	93,150
Unallocated corporate assets			4,646
Consolidated total assets			97,796
<b>Liabilities</b>			
Segment liabilities	(9,600)	(747)	(10,347)
Unallocated corporate liabilities			(29,754)
Consolidated total liabilities			(40,101)
<b>Net assets</b>			57,695

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

	Insolvency and restructuring 2013 £'000	Global risk partners 2013 £'000	Unallocated 2013 £'000	Consolidated 2013 £'000
<b>Other information</b>				
Capital additions	289	35	90	414
Depreciation and amortisation	750	138	507	1,395

#### Geographical segments

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

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 5. Profit for the year

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

	2014 £'000	2013 £'000
Net foreign exchange loss (gain)	17	(3)
Depreciation of property, plant and equipment	817	861
Amortisation of intangible assets	525	534
Profit on disposal of property, plant and equipment	—	(5)
Staff costs (see note 6)	25,559	28,701
Operating lease rentals payable	2,934	3,420
Impairment of receivable balances (see note 13)	352	69
Reversal of impairment losses recognised on trade receivables (see note 13)	(26)	(25)

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

	2014 £'000	2013 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	30	30
Fees payable to the company's auditor and its associates for other services to the group		
– the audit of the company's subsidiaries pursuant to legislation	47	47
<b>Total audit fees</b>	<b>77</b>	<b>77</b>
– other taxation advisory services	1	36
– other services	10	—
<b>Total non-audit fees</b>	<b>11</b>	<b>36</b>

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

	2014 £'000	2013 £'000
Restructuring costs	—	3,753
Refinancing costs	—	145
Acquisition-related credits	(25)	—
Property costs associated with relocation of London offices	831	—
	<b>806</b>	<b>3,898</b>

The exceptional costs are analysed as follows:

	2014 £'000	2013 £'000
Direct costs	—	3,320
Administrative expenses	806	578
	<b>806</b>	<b>3,898</b>

## 6. Staff costs

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

	2014 number	2013 number
Partners and consultants	71	77
Fee earning staff	292	334
Support staff	103	121
	466	532

	2014 £'000	2013 £'000
Their aggregate remuneration comprised:		
Wages, salaries and partners' profit share	23,343	26,192
Social security costs	1,416	1,673
Other pension costs (note 25)	800	836
	25,559	28,701

### Directors' remuneration

	2014 £'000	2013 £'000
Short-term benefits	1,090	1,025
Post-employment benefits	23	23
Share-based payments	24	23
	1,137	1,071

	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	3

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

	2014 £'000	2013 £'000
Nick Taylor	23	23

The highest paid director in the year was Mark Fry and his total remuneration for the period was £600,803 (2013: £506,081). No contributions (2013: £nil) were made into a company pension scheme on his behalf.

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 7. Finance costs

	2014 £'000	2013 £'000
Interest on bank overdrafts and loans	1,098	961
Finance charges on hire purchase contracts	—	2
<b>Total interest expense</b>	<b>1,098</b>	<b>963</b>
Unwinding of discount on deferred consideration liabilities	10	14
<b>Total finance costs</b>	<b>1,108</b>	<b>977</b>

### 8. Tax

	2014 £'000	2013 £'000
Current tax charge	1,162	944
Deferred tax (credit) charge (note 17)	(392)	53
	<b>770</b>	<b>997</b>

Corporation tax is calculated at 23% (2013: 24%) of the estimated assessable profit for the year.

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

	2014 £'000	2013 £'000
Profit before tax	3,795	2,415
Notional tax charge at the UK corporation tax rate of 23% (2013: 24%)	873	580
Adjustments in respect of current income tax of prior years	(144)	57
Tax effect of expenses that are not deductible in determining taxable profit	728	575
Impact of change in rate	(684)	(209)
Deferred tax at 20% (2013: 23%)	(3)	(6)
<b>Total tax expense reported in the income statement</b>	<b>770</b>	<b>997</b>

### 9. Dividends

	2014 £'000	2013 £'000
<b>Amounts recognised as distributions to equity holders in the year</b>		
Interim dividend for the year ended 30 April 2013 of 0.6 pence (2012: 0.6 pence) per share	541	540
Final dividend for the year ended 30 April 2013 of 1.6 pence (2012: 1.6 pence) per share	1,461	1,440
	<b>2,002</b>	<b>1,980</b>
<b>Amounts proposed as distributions to equity holders</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>

The proposed final dividend is subject to approval by shareholders at the annual general meeting. The interim dividend for 2014 was not paid until 9 May 2014 and, accordingly, neither has been included as a liability in these financial statements nor as a distribution to equity shareholders.



## 10. Earnings per share

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

	2014 £'000	2013 £'000
<b>Earnings</b>		
Profit for the year attributable to equity holders	3,025	1,418

	2014 number	2013 number
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	90,877,950	90,040,153
Effect of dilutive potential ordinary shares:		
Share options	139,953	—
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	91,017,903	90,040,153

	2014 pence	2013 pence
<b>Basic and diluted earnings per share</b>	<b>3.3</b>	<b>1.6</b>

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:

	2014 £'000	2013 £'000
<b>Earnings</b>		
Profit for the year attributable to equity holders	3,025	1,418
Amortisation of intangible assets arising on acquisitions	353	364
Unwinding of discount on deferred consideration liabilities	10	14
Exceptional and acquisition-related costs	806	3,898
Tax effect of above items	(267)	(944)
<b>Adjusted earnings</b>	<b>3,927</b>	<b>4,750</b>

	2014 pence	2013 pence
<b>Adjusted basic and diluted earnings per share</b>	<b>4.3</b>	<b>5.3</b>

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 11. Intangible assets

	Goodwill £'000	Software £'000	Intangible assets arising on acquisitions £'000	Total £'000
<b>Cost</b>				
At 1 May 2012	49,130	1,686	4,485	55,301
Additions	—	28	—	28
At 30 April 2013	49,130	1,714	4,485	55,329
Additions	338	4	1,625	1,967
Adjustments to deferred consideration	19	—	—	19
At 30 April 2014	49,487	1,718	6,110	57,315
<b>Amortisation and impairment</b>				
At 1 May 2012	—	350	4,009	4,359
Amortisation during the year	—	170	364	534
At 30 April 2013	—	520	4,373	4,893
Amortisation during the year	—	172	353	525
At 30 April 2014	—	692	4,726	5,418
<b>Carrying amount</b>				
At 30 April 2014	49,487	1,026	1,384	51,897
At 30 April 2013	49,130	1,194	112	50,436

The carrying value of intangible assets arising on acquisitions comprise customer relationships (£586,000), customer contracts (£235,000) and websites (£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.

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% (2013: 9%), 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.

## 11. Intangible assets continued

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

#### Revenue growth rates

Revenue growth rates applied 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 3% per annum have been applied to the extrapolation period, reflecting past experience 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.

## 12. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 May 2012	4,272	1,064	2,155	155	7,646
Additions	229	26	131	—	386
Disposals	(2)	(2)	(3)	(141)	(148)
At 30 April 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
<b>Depreciation and impairment</b>					
At 1 May 2012	2,360	835	1,659	115	4,969
Charge for the year	498	81	279	3	861
Disposals	(1)	(1)	(3)	(106)	(111)
At 30 April 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
<b>Carrying amount</b>					
At 30 April 2014	1,255	132	319	2	1,708
At 30 April 2013	1,642	173	348	2	2,165

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 13. Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	4,134	6,374
Unbilled income	29,596	31,316
Other debtors and prepayments	2,562	2,543
	36,292	40,233

Trade receivables do not carry interest and are stated net of allowances for doubtful receivables of £483,000 (2013: £188,000).

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 18 for disclosures on credit risk.

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
2014	4,134	2,096	712	1,326
2013	6,374	3,201	1,691	1,482

### Movement in the allowance for doubtful debts

	2014 £'000	2013 £'000
Balance at beginning of the year	188	444
Amounts written off during the year	(31)	(300)
Amounts recovered during the year	(26)	(25)
Increase in allowance recognised in profit or loss	352	69
Balance at end of the year	483	188

### 14. Trade and other payables

	2014 £'000	2013 £'000
<b>Current</b>		
Trade payables	1,082	1,034
Other taxes and social security	1,735	1,995
Accruals	4,771	6,112
Deferred consideration	261	272
	7,849	9,413
<b>Non-current</b>		
Deferred consideration	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.

## 15. Borrowings

	2014 £'000	2013 £'000
Unsecured borrowing at amortised cost		
Bank loans	22,026	22,127
Total borrowings	22,026	22,127
Amount due for settlement within 12 months	26	109
Amount due for settlement after 12 months	22,000	22,018

The principal features of the group's borrowings are as follows:

- (i) The group's principal borrowings at 30 April 2014 comprise unsecured, revolving credit facilities ('RCFs') totalling £20 million (2013: £20 million) and a term loan of £10 million (2013: £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 2014 (2013: £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 2014 (2013: £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 2014 (2013: £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%.
- (ii) The group has additional unsecured bank loans as follows:
- borrowings of £26,000 (2013: £127,000), repayable within one year. Interest on the loan is fixed at 6.27%.

All borrowings are denominated in sterling. Of the total cash balance of £7,541,000 (2013: £4,962,000), £7,524,000 is denominated in sterling (2013: £4,836,000) and £17,000 in US dollars (2013: £126,000). The directors consider that the fair values of the group's financial instruments approximate to their book value.

## 16. Provisions

	Restructuring £'000	Disposal provisions £'000	Property exit provisions £'000	Total £'000
At 1 May 2012	950	2,578	—	3,528
Charged for the year	2,514	—	—	2,514
Utilised	(1,692)	(1,363)	—	(3,055)
At 30 April 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
Current liabilities	258	376	831	1,465
Non-current liabilities	80	598	—	678
At 30 April 2014	338	974	831	2,143

Disposal provisions include liabilities arising from warranty and onerous contract obligations relating to businesses disposed of in prior years. The non-current elements of the provisions are 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 2014

### 17. Deferred tax

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

	Goodwill deductions £'000	Short-term timing differences £'000	Total £'000
At 1 May 2012	(5,198)	173	(5,025)
Charge to income	(278)	16	(262)
Income statement effect of change in tax rate	217	(8)	209
At 30 April 2013	(5,259)	181	(5,078)
Charge to income	(27)	(265)	(292)
Arising on acquisitions	(325)	—	(325)
Income statement effect of change in tax rate	686	(2)	684
At 30 April 2014	(4,925)	(86)	(5,011)

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. Deferred tax balances have been revalued to the lower rate of 20% in these accounts. To the extent that the deferred tax reverses more quickly than this, the impact on the net deferred tax liability will be reduced.

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:

	2014 £'000	2013 £'000
Deferred tax liabilities	(5,024)	(5,259)
Deferred tax assets	13	181
	(5,011)	(5,078)

### 18. 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 2014 and net assets at that date would decrease by £77,000 (2013: £80,000). This is attributable to the group's exposure to movements in interest rate on its variable rate borrowings.

## 18. Financial instruments continued

### 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, principally consultancy services and litigation support, 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 13) 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 13. The group does not believe it is exposed to any material concentrations of credit risk.

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

### 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 2014 based on contractual payments.

	At 30 April 2014				At 30 April 2013			
	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	1,071	15,304	10,771	27,146	1,113	15,748	11,500	28,381
Trade and other payables	7,849	355	—	8,204	9,413	—	—	9,413
	8,920	15,659	10,771	35,350	10,526	15,748	11,500	37,794

### 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 the 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:

	2014 £'000	2013 £'000
Shareholders' funds	59,403	57,695
Bank borrowings	22,026	22,127
At 30 April	81,429	79,822

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 18. Financial instruments continued

#### Categories of financial instruments

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

	2014 £'000	2013 £'000
<b>Financial assets</b>		
Trade receivables	4,134	6,374
Cash at bank	7,541	4,962
	<b>11,675</b>	<b>11,336</b>
<b>Financial liabilities</b>		
Trade payables	(8,203)	(9,413)
Bank loans	(22,026)	(22,127)
	<b>(30,229)</b>	<b>(31,540)</b>

### 19. Share capital

	2014 thousand	2013 thousand	2014 £'000	2013 £'000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 5 pence				
At 1 May	90,135	89,930	4,508	4,496
Staff SIP scheme	145	205	7	12
Acquisition of subsidiary	1,142	—	57	—
At 30 April	<b>91,422</b>	<b>90,135</b>	<b>4,572</b>	<b>4,508</b>
<b>Allotted, called up but not fully paid</b>				
A ordinary shares of 3 pence				
At 1 May	3,313	5,166	99	155
Issue of shares	4,959	—	149	—
Conversion of shares	(1,390)	(1,853)	(42)	(56)
At 30 April	<b>6,882</b>	<b>3,313</b>	<b>206</b>	<b>99</b>
<b>Allotted, called up and fully paid</b>				
Deferred shares of 1 pence				
At 1 May	5,561	—	56	—
Conversion of shares	4,170	5,561	42	56
At 30 April	<b>9,731</b>	<b>5,561</b>	<b>98</b>	<b>56</b>
Issued share capital	<b>108,035</b>	<b>99,009</b>	<b>4,876</b>	<b>4,663</b>



## 19. Share capital continued

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

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

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

The conversion of A ordinary to deferred shares is detailed in note 20.

## 20. Share-based payments

### Share option scheme

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

A new share option scheme was 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 13 and 14.

### 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.

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	21 December 2010	1 July 2011	31 October 2013
Share price at grant date (pence)	62	38	60	45	38
Exercise price (pence)	62	37	100	68	48
Number of participants	3	13	39	1	44
Number of shares under option outstanding	300,000	2,800,000	1,389,854	1,923,077	4,959,490
Vesting period (years)	3	3	3	3	3
Time to expiry (years)	7	10	3	3	3
Expected volatility (%)	20	23	20	20	23
Risk free rate (%)	1.2	0.8	1.6	1.4	0.8
Expected dividend yield (%)	2.5	6.2	2.5	2.5	6.2
Fair value per option (pence)	7.0	3.3	0.6	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 growth share plan granted on 21 December 2009 matured during the year, and the A ordinary shares converted into deferred shares.

The group recognised an expense of £33,000 (2013: £99,000) related to equity-settled share-based payments.

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 21. Acquisitions

On 1 October 2013, the group acquired the trade and assets of Cooper Williamson Limited, a Manchester-based corporate insolvency boutique, in line with its strategy. Cooper Williamson had successfully developed its own business rescue website ([www.realbusinessrescue.co.uk](http://www.realbusinessrescue.co.uk)), which was a significant driver of new cases.

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	—	1,625	1,625
Trade and other receivables	187	(93)	94
Trade and other payables	(143)	(114)	(257)
Deferred tax	—	(325)	(325)
<b>Total identifiable assets</b>	<b>44</b>	<b>1,093</b>	<b>1,137</b>
Goodwill			338
<b>Total consideration</b>			<b>1,475</b>
<b>Satisfied by:</b>			
Cash			450
Equity instruments (1,141,842 ordinary shares in Begbies Traynor Group plc)			450
Contingent consideration			575
			<b>1,475</b>
<b>Net cash outflow arising on acquisition</b>			
Cash consideration			450

Goodwill includes the synergies expected to arise following the business combination and the fair value of the expertise of the acquired workforce. All of the goodwill is expected to be deductible for income tax purposes.

Fair value adjustments of £1,625,000 relating to the separate recognition of intangible assets have been recorded. Details of intangible assets recorded can be found in note 11.

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 £1.1 million.

No contingent liabilities have been assumed.

Acquisition costs of £0.1 million have been charged to the statement of comprehensive income as an exceptional cost.

The acquisition contributed £658,000 of revenue and £324,000 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 £46.4 million and group profit before tax would have been £4.3 million.

The amounts recognised above are provisional estimates.

## 22. Reconciliation to the cash flow statement

	2014 £'000	2013 £'000
Profit for the year	3,025	1,418
Adjustments for:		
Tax	770	997
Finance costs	1,108	977
Amortisation of intangible assets	525	534
Depreciation of property, plant and equipment	817	861
Non-cash exceptional costs	—	1,384
Profit on disposal of property, plant and equipment	—	(5)
Share-based payment expense	33	99
Operating cash flows before movements in working capital	6,278	6,265
Decrease in receivables	4,024	2,489
Decrease in payables	(2,081)	(420)
Decrease in provisions	(844)	(541)
Cash generated by operations	7,377	7,793

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.

## 23. Contingent liabilities

The group had no material contingent liabilities at 30 April 2014 or 30 April 2013.

## 24. Operating lease arrangements

	2014 £'000	2013 £'000
Minimum lease payments under operating leases recognised as an expense in the year	2,934	3,420

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:

	2014 £'000	2013 £'000
Within one year	2,528	3,073
In the second to fifth years inclusive	3,012	4,593
After five years	—	—
	5,540	7,666

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.

## 25. Pensions

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

The total cost charged to income of £800,000 (2013: £836,000) represents contributions payable to these schemes by the group at rates specified in the rules of the plans. As at 30 April 2014, contributions of £78,000 (2013: £67,000) due in respect of the current year had not been paid over to the schemes.

# Notes to the consolidated financial statements continued

## for the year ended 30 April 2014

### 26. 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 (2013: £720,000). At 30 April 2014 £nil (2013: £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 (2013: £85,000). At 30 April 2014 £nil (2013: £nil) was payable in respect of this transaction. Mark Fry also part owns a company which provides archiving facilities to entities within the group. £23,000 (2013: £20,500) was paid by entities within the group for this service during the year. At 30 April 2014 £6,000 (2013: £5,000) was payable in respect of this service.

Ric Traynor purchased the controlling interest in Red Flag Alert LLP ('Red Flag') 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 £110,000 was payable by Red Flag during the year (2013: £150,000). 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 (2013: £150,000). Rent of £30,000 was paid to the Group by Red Flag during the year (2013: £50,000). At 30 April 2014 £56,000 (2013: £nil) was owed by Red Flag Alert LLP.

### 27. Post balance sheet events

On 16 June 2014 the group acquired the trade and assets of Ian Franes Associates Limited, a London-based insolvency specialist. The acquisition is for an initial consideration of £0.6 million, to be satisfied in cash. Under the terms of the acquisition, there is a deferred consideration of up to £1.4 million dependent on financial performance over the three years from completion, to be satisfied in cash.

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

We have audited the financial statements of Begbies Traynor Group plc for the year ended 30 April 2014, which comprise the company balance sheet and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2014;
- 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 2014.



**William Smith MA FCA (Senior Statutory Auditor)**

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

9 July 2014

# Company balance sheet

at 30 April 2014

	Notes	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Investment in subsidiaries	3	23,675	23,675
<b>Current assets</b>			
Debtors	4	32,259	33,938
Creditors: amounts falling due within one year			
Other creditors and accruals		(88)	(476)
Borrowings	5	(26)	(109)
		(114)	(585)
<b>Net current assets</b>		32,145	33,353
<b>Total assets less current liabilities</b>		55,820	57,028
Creditors: amounts falling due after more than one year			
Borrowings	5	—	(18)
<b>Net assets</b>		55,820	57,010
<b>Capital and reserves</b>			
Called-up share capital	6	4,876	4,663
Share premium account	7	18,020	17,581
Merger reserve	7	17,584	17,584
Profit and loss account	7	15,340	17,182
<b>Shareholders' funds</b>	8	55,820	57,010

The financial statements of Begbies Traynor Group plc, registered number 5120043, were approved by the board of directors and authorised for issue on 9 July 2014. 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 2014

### 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 20 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 2014 of £127,000 (2013: loss of £477,000).

The company has no employees (2013: no employees).

The auditor's remuneration for audit and other services is disclosed in note 5 to the consolidated financial statements.

### 3. Investment in subsidiaries

	£'000
<b>Cost</b>	
At 1 May 2013 and 30 April 2014	29,810
<b>Provision for impairment</b>	
At 1 May 2013 and 30 April 2014	6,135
<b>Net book value</b>	
At 30 April 2013 and 30 April 2014	23,675

Details of principal operating 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	England and Wales
BTG Corporate Finance LLP	Corporate finance	England and Wales
BTG Global Risk Partners Limited	Investigation agency	England and Wales
BTG Financial Consulting LLP	Financial consulting	England and Wales
BTG Risk LLP (formerly Begbies Traynor (South) LLP)	Risk and security consulting	England and Wales

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

All shareholdings relate to ordinary shares.

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

# Notes to the company financial statements continued

## for the year ended 30 April 2014

### 4. Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	32,010	33,804
Other debtors	249	134
	32,259	33,938

### 5. Borrowings

	2014		2013	
	Due within one year £'000	Due after one year £'000	Due within one year £'000	Due after one year £'000
Bank loans	26	—	109	18

The company has unsecured bank borrowings of £26,000 (2013: £127,000), repayable within one year. Interest on the loan is fixed at 6.27%.

Bank loans fall due as follows:

	2014 £'000	2013 £'000
Within one year	26	109
One to two years	—	18
	26	127

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.

### 6. Share capital

	2014 thousand	2013 thousand	2014 £'000	2013 £'000
Allotted, called up and fully paid				
Ordinary shares of 5 pence				
At 1 May	90,135	89,930	4,508	4,496
Staff SIP scheme	145	205	7	12
Acquisition of subsidiary	1,142	—	57	—
At 30 April	91,422	90,135	4,572	4,508
Allotted, called up but not fully paid				
A ordinary shares of 3 pence				
At 1 May	3,313	5,166	99	155
Issue of shares	4,959	—	149	—
Conversion of shares	(1,390)	(1,853)	(42)	(56)
At 30 April	6,882	3,313	206	99
Allotted, called up and fully paid				
Deferred shares of 1 pence				
At 1 May	5,561	—	56	—
Conversion of shares	4,170	5,561	42	56
At 30 April	9,731	5,561	98	56
Issued share capital	108,035	99,009	4,876	4,663

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



## 6. Share capital continued

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.

The company has issued share options as set out in note 20 to the consolidated financial statements.

## 7. Reserves

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 1 May 2013	17,581	17,584	17,182
Profit for the year	—	—	127
Shares issued	439	—	—
Dividends	—	—	(2,002)
Credit to equity for equity-settled share-based payments	—	—	33
At 30 April 2014	18,020	17,584	15,340

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

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

	2014 £'000	2013 £'000
At 1 May	57,010	59,709
Proceeds of share issues, net of costs:		
– nominal share capital	213	12
– share premium account	439	57
Profit (loss) for the year	127	(477)
Dividends	(2,002)	(1,980)
Credit to equity for equity-settled share-based payment	33	99
Modification to cash-settled share-based payment	—	(410)
At 30 April	55,820	57,010

## 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

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### Santander UK plc

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

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### Solicitors

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### Auditor

#### Deloitte LLP

Chartered accountants and statutory auditor  
Manchester, United Kingdom

### Registrar

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### Nominated advisor and joint broker

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### Joint broker

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Offices across the UK. [www.begbies-traynorgroup.com](http://www.begbies-traynorgroup.com)

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