Begbies Traynor Group

Strong FY23 and well set for further growth

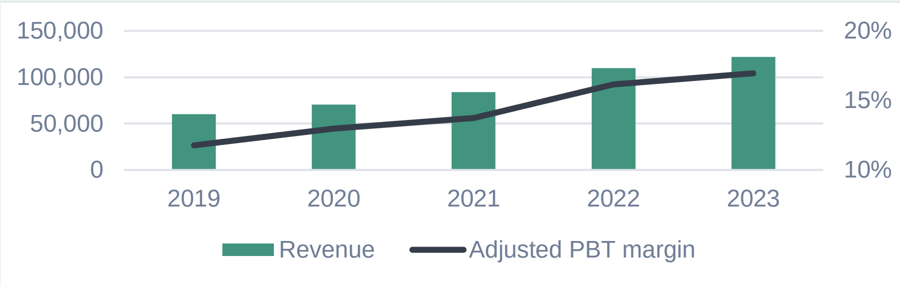
11 July 2023

FY23 results demonstrate how effectively BEG's diversified professional services base performs across the cycle. Revenues have more than doubled over the past five years, adjusted PBT is up over three-fold. An 11% y-o-y increase in revenues in FY23 was driven by a broadly balanced mix of organic growth and contributions from acquisitions which have built complementary skills and extended geographical reach.

Revenues from non-insolvency work (Advisory and transactional services) now contribute 40% of group revenues and comprise a mix of defensive, counter, and pro-cyclical sources, c 75% of which is derived from recurring sources.

Acquisitions are a core strategy which pivots on BEG's proven ability to integrate new additions, extract anticipated benefits, and add scale in ways that rapidly benefit margins. Scale also enhances opportunities for cross-selling of its services.

Five-year growth record



Source: BEG annual reports

Valuation: counter cyclical businesses underpin outlook

A confident outlook is underpinned by an 80% income weighting towards counter cyclical and defensive activities. The next few years are likely to be busy for BEG's insolvency operations as the UK faces a challenging economic environment. We see potential upside from further acquisitions. BEG continues to find opportunities for its advisory and transactional teams and at the start of the new financial year it acquired a firm of chartered surveyors. It ended FY23 with a strong balance sheet and net cash, despite £10.6m (2022: £8.4m) of acquisition payments.

The operational outlook is strong, underpinned by growth momentum behind both divisions, plus the group's intention to continue to invest in organic initiatives and earnings enhancing acquisitions. The 9% increase in the FY23 distribution to 3.8p is the 6th consecutive year of dividend growth.

We have adjusted 24e EPS for tax rates and issuance, but retain our 175p/share fair value estimate, equivalent to 17.0x FY24 EPS and a 2.3% yield.

Summary forecasts

Year end 30 April	2020A	2021A	2022A	2023A	2024E
Revenue (£m)	70.5	83.7	110.0	121.8	129.0
Adjusted PBT £m)	9.2	11.5	17.8	20.7	22.0
Adjusted EPS (p)	5.7	6.9	9.1	10.5	10.3
Dividend per share (p)	2.8	3.0	3.5	3.8	4.0
Yield on distribution	2.1%	2.2%	2.6%	2.8%	2.9%

Source: Group report & accounts and ED estimates

Company Data

EPIC	BEG
Price (last close)	136p
52 weeks Hi/Lo	151p/115p
Market cap	£211m
ED Fair Value / share	175p

Share Price, p

Source: ADVFN

Description

Begbies Traynor (BEG) is a leading UK business recovery, financial advisory and property services consultancy. It handles the largest number of corporate appointments in the UK, and principally serves the mid-market and smaller companies.

Its other services include corporate finance, valuation and sale of properties, businesses and other assets, and property consultancy, planning and management

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Results and operational highlights

BEG reported 11% revenue growth in FY23 (6% organic, 5% acquired) at an improved 17.9% operating margin (FY22: 16.9%). This set of results again beat market expectations at the beginning of the period, which we suggest reflects the quality and visibility of revenues from a diverse professional services operation, which BEG consistently enhances via contributions from acquisitions. In FY23 the latter added strategic scale, geographical reach and built profile among the group's target client bases.

Summary results

y/e 30 April, £m	2023	2022
Revenue	121.8	110.0
Adjusted EBITDA	26.6	23.9
Share-based payments	(1.3)	(1.6)
Depreciation	(3.5)	(3.8)
Operating profit (before transaction costs and amortisation)	21.8	18.6
Finance costs	(1.1)	(0.8)
Adjusted profit before tax	**20.7**	**17.8**
Transaction costs	(8.4)	(8.3)
Amortisation of intangible assets arising on acquisitions	(6.3)	(5.5)
Profit before tax	6.0	4.0
Tax on profits on ordinary activities	(3.1)	(2.7)
Deferred tax charge due to change in tax rate	-	(1.8)
Profit (loss) for the year	2.9	(0.5)

Source: BEG FY23 results

The group is well placed to meet FY24 forecasts. It reports a strong order book of insolvency revenue (up 19% this year) driven by a progressive increase in insolvency market volumes. Its 11% share of the UK administration market (second largest by volume, up from fourth in the last five years) gives it exposure to larger, more complex insolvency appointments.

80% of FY23 revenue from insolvency and defensive activities

The table below gives an overview of the business, identifies sources of revenues and clarifies the overlap between its services. The key figure is the 80% of FY23 revenue generated from insolvency and defensive activities, from a common network of clients and professionals. Insolvency work contributed c 60% of group revenue in FY23, which illustrates how BEG has successfully built a broader balance of income sources over the last decade, while simultaneously increasing the scale and reach of its insolvency operation.

Group activities

Activity	Insolvency	Advisory and transactional services	
Contribution to FY23 revenue	60%	40%	
Description	Corporate and personal insolvency	Financial advisory	Transactional support
	Market leading position from a national office network and selective offshore locations	Funding	Valuations
	Provision of advice and assistance to SME and mid-market corporates	Projects and development support	Asset management and insurance
Brands	Begbies Traynor	BTG Advisory, Eddisons Mantra, MAF finance Group, Springboard Corporate Finance	

Source: BEG FY23 presentation

Divisional performances driven by organic and acquisition-led investment

Both operating divisions reported 10% plus y-o-y revenue and profit growth, and an underlying benefit of acquisitions is reflected in improvement in operating margins as set out below.

Reported drivers for these include an increase in appointments and enhanced reputation for mid-market insolvencies, contributions from acquisitions in finance broking and property advisory and organic growth from property service lines. This underlines the resilience of these services in a challenging marketplace.

Operating performance by segment

£m	Revenue			Operating profit		
	2023	2022	growth	2023	2022	growth
Insolvency and advisory	89.7	81.4	10%	24	21	14%
Property advisory and transactional services	32.1	28.6	12%	5.7	4.8	19%
Shared and central costs	-	-	-	(7.9)	(7.2)	10%
Total	**121.8**	**110**	**11%**	**21.8**	**18.6**	**17%**

source: BEG FY23 results

Cash generative business, appetite for further acquisitions

The group's cash generative characteristics are reflected in reported £14.1m free cash flow generation (2022: £14.0m) net of new acquisitions and deferred consideration during the period.

Cash from operating activities (before acquisition consideration payments) was £24.4m (2022: £22.3m) and BEG made £10.6m of acquisition payments (net of cash acquired) in FY23 (2022: £8.4m).

These were acquisitions of Mantra Capital (£3.9m), Budworth Hardcastle (£0.5m) and Mark Jenkinson (£0.4m). Contingent payments re prior year acquisitions were £5.4m (2022: £5.3m) and acquisition costs £0.4m (2022: £0.2m).

Summary cash flow

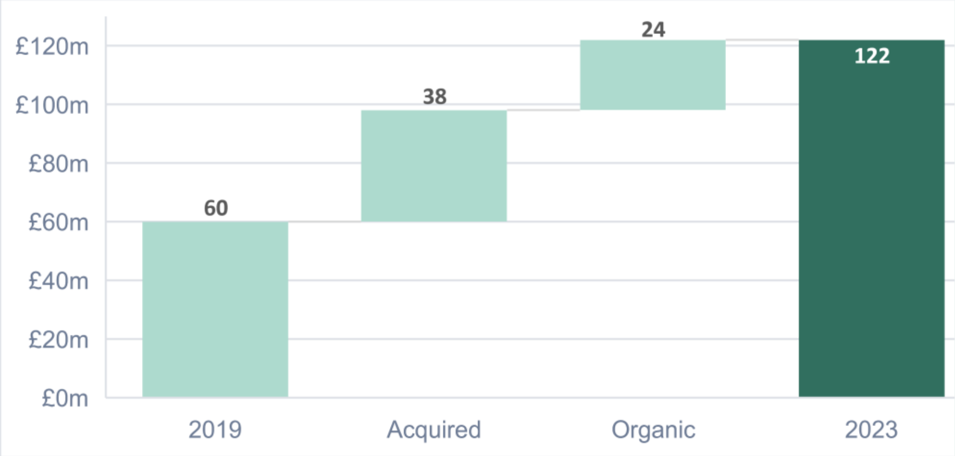
y/e 30 April, £m	2023	2022
Adjusted EBITDA	**26.6**	**23.9**
Working capital	(2.2)	(1.6)
Cash from operating activities (before acquisition consideration payments*)	**24.4**	**22.3**
Provisions	(0.6)	0.4
Accelerated tax payments	(1.0)	0.0
Underlying tax payment	(4.3)	(3.6)
Interest	(1.1)	-0.8)
Capital expenditure	(1.0)	(1.0)
Capital element of lease payments	(2.3)	(3.2)
Free cash flow	**14.1**	**14.0**
Net proceeds from share issues	0.2	0.5
Acquisition payments (net of cash acquired)**	(10.6)	(8.2)
Dividends	(5.4)	(4.6)
(Decrease) increase in net cash	**(1.7)**	**1.7**

*Source: BEG FY23 results * accounted for as deemed remuneration in accordance with IFRS3; ** acquisition consideration payments (defined above), acquisition costs and deferred consideration payments net of cash acquired*

Acquisitions are key part of an integrated growth strategy

Acquisitions have been the direct source of c 61% of revenue growth recorded by the group over the last four years. Organic growth has benefited from additional team capacity and geographical reach, and enhanced opportunities for cross sales.

Revenue growth over last four years



Source: BEG financial reports

Future investment will be directed towards enhancements to a diverse base of professional services operations with a proven need across the economic cycle. BEG has consistently secured immediately earnings enhancing additions over the last five years and has a well-established and proven process to identify, accurately assess the value and integrate target businesses.

This is part of a holistic approach which aims to enhance the competitive positioning of the group's existing operations and add momentum to future organic growth.

Strategic approach

Organic growth	Recruitment, retention and development of existing employee base
	Enhanced cross-selling of service lines and expertise to a wider client base
	Investment in technology and process to improve working practises and services to clients
Acquisitions	Value accretive acquisitions in a range of market segments
	Insolvency – add market share
	Advisory and transactional services – add expertise or geographical coverage
	Complementary professional services businesses to develop service offering

Source: BEG financial reports

The table below sets out the group's commitment to growth via acquisitions over the last few years, which has directly driven significant increases in revenue scale and profitability. It illustrates how these has built BEG services, operational capacity and geographical profile.

It completed two acquisitions in FY23, **Budworth Hardcastle** (June 2022) and **Mantra Capital** (July 2022). It also expanded its property expertise in South Yorkshire in March 2023 via the addition of a team from Mark Jenkinson & Co. In May 2023, post the year end, it bought **Banks Long & Co**, a firm of chartered surveyors.

Recent acquisitions

Date		Max cost	Description	Strategy
Insolvency and advisory				
Jul 22	Mantra Capital	18.0	London based FCA-regulated finance & insurance brokerage	Build scale, quality, and range of group services, and extend regional coverage. Combine with MAF Finance Group to form national finance business, BTG Funding Solutions. Immediate earnings enhancement, plus organic benefits.
May 21	MAF Finance Group	11.8	Specialist finance broker	Derbyshire based. Expertise is access to finance for new asset investment for industries including construction, engineering, manufacturing, healthcare and renewables.
Mar 21	David Rubin & Partners	25.0	Long est. insolvency practice with offices in London and Guernsey	Largest acquisition undertaken by the group. Significant increase in scale of division, focus on key London market.
Jan 21	CVR Global	20.8	Leading independent firm of insolvency practitioners, forensic accountants.	Largest insolvency acquisition to date. Adds scale in London and SE England. Addition of first overseas offices (Gibraltar, Jersey, Cyprus, BVI). Enhances BTG Global Advisory offer
Jun 20	Personal insolvency cases	0.5	Acq. of 503 personal insolvency cases	Included a team of five fee earners that enhances insolvency team in Scotland
Property advisory and transactional services				
May 23	Banks Long	3.0	Chartered surveyors	Regional expansion of Eddisons in Lincolnshire and Humberside
Mar 23	Mark Jenkinson	0.4	Chartered surveyors focus on property auctions.	Regional expansion of Eddisons in Sheffield
Jun 22	Budworth Hardcastle	1.5	Chartered surveyors	Regional expansion of Eddisons in Northampton, Kettering and Peterborough
Jan 22	Daniels Harrison Surveyors	3.3	Chartered surveyors	Integration of valuation and property consultancy services across the south coast of England. Extend geographical coverage, build scale and quality of the division.
Feb 21	Hargreaves Newberry Gyngell	1.0	London based firm of chartered surveyors	Enhances divisions' scale and London/South-East England coverage. Commercial property management, agency and lease advisory services to private investors, property funds and commercial businesses.

Source: BEG documents

BEG ended FY23 with £3.0m of net cash (2022: £4.7m). That was £14.1m free cash flow generation, net of £10.6m of acquisition and deferred consideration payments (current year acquisitions of £5.2m, prior year £5.4m), and £5.4m of dividends paid. **Undrawn facilities and cash provide significant headroom to finance further acquisitions and organic investment.**

The year-end cash balance was £8.0m (2022: £9.7m) with £5m debt (2022: £5.0m). It reported that it had extended its facilities with HSBC. A £25m unsecured, committed revolving credit facility matures in August 2025, and there is a £5m uncommitted acquisition facility.

Operational performances by segment

The group is managed as two operating segments, Insolvency & Advisory (insolvency, financial advisory, corporate finance and funding business) and Property Advisory & Transactional Services. This is the basis on which the segmental information is reported. Services fall broadly into the following categories.

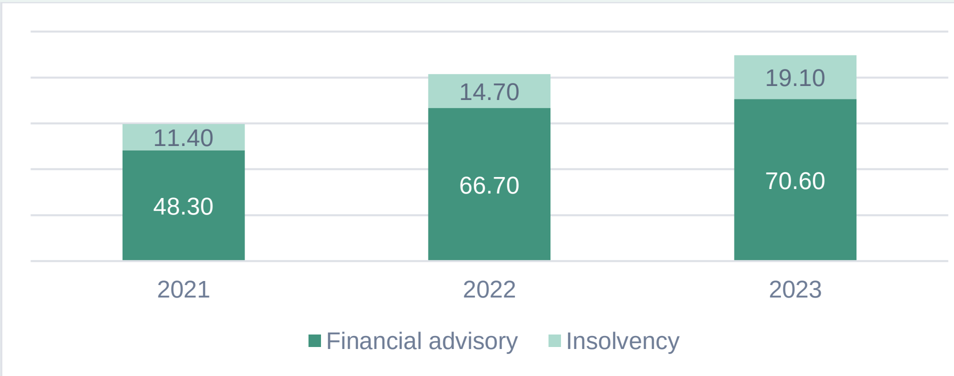
Group services	
Insolvency	Corporate and personal insolvency
Financial advisory	Business and financial restructuring; debt advisory; forensic accounting and investigations
Transactional support	Corporate finance; business sales, property agency; auctions
Funding	Commercial finance broking; residential mortgage broking
Valuations	Commercial property, business and asset valuations
Projects & development support	Building consultancy; transport planning
Asset management and Insurance	Commercial property management; insurance broking; vacant property risk management

Source: BEG documents

Insolvency & Advisory: revenues 10% up at £89.7m

Divisional revenues grew 10% in FY23 (6% organic) to £89.7m. Of that £70.6m was revenue from formal insolvency appointments (2022: £66.7m) and the £19.1m balance derived from advisory activities (FY22: £14.7m). It also recorded a 19% increase in its order book of committed future insolvency revenue (excluding contingent fee income) to £35.2m (2022: £29.5m, 2021: £28.3m). The comparable was boosted by £1.8m revenues which flowed from exceptional levels of personal insolvency activity vs reversion to a more normal market in FY23.

Segment revenues (£m)



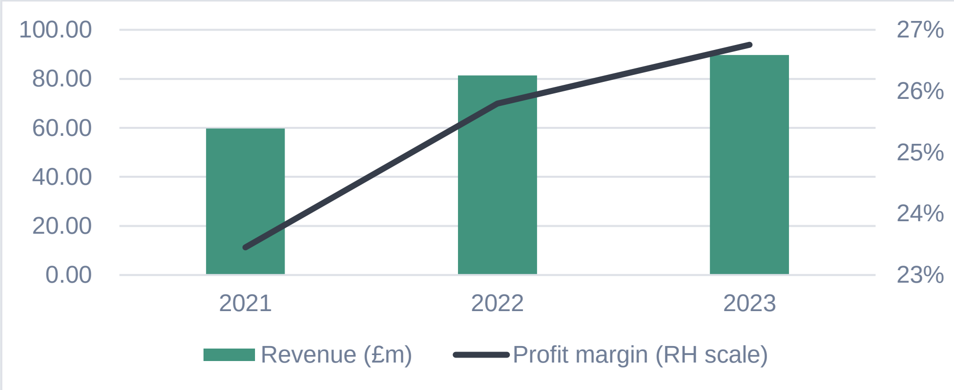
Source: BEG financial reports

A £5.3m increase in operating expenses to £65.7m (FY22: £60.4m) during the period was mostly related to inflation, principally pressure on salaries, and the additional costs of acquired businesses. Despite that the expenses ratio fell y-o-y and BEG reported an improved 26.8% operating margin (2022: 25.8%) and a 14% increase in divisional profits to £24.0m (2022: £21.0m).

BEG has built this division into the **UK market leader by appointment volumes**, with a national office network ideally placed to provide advice and assistance to UK SME and mid-market corporates. It is first ranked nationally (13% share) for overall corporate appointments (CVLs, administrations and CVAs) and second (11%) by administrations. It has significantly increased its insolvency practitioner capacity and receives referrals from an extensive network of over 4,000 professionals & institutions. Around half of those regularly refer work to the group, and c 70% of work generated is received from recurring providers.

It has built these market positions via investment, notably acquisitions which have expanded its London office and offshore practice. That plus organic growth has driven a two-fold increase in insolvency revenue since 2019, well ahead of the underlying 37% growth in market volumes.

Segment revenues & profit margin (£m)

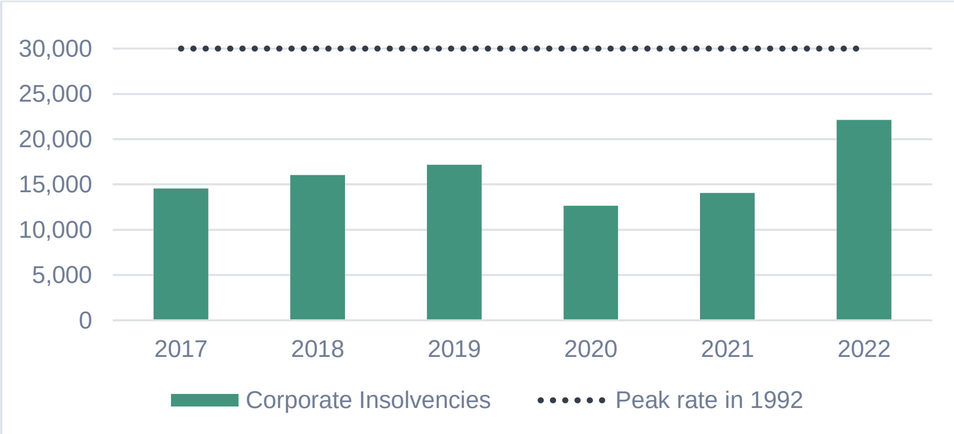


Source: BEG financial reports

Insolvency market outlook

The market is now above the comparable for the period before the pandemic, but the increase largely reflects liquidations, typically smaller company insolvencies, and less profitable from the group's perspective. Volumes of larger, more complex administrations have started to pick-up and are above 2021's post-pandemic lows but are still below levels pre-pandemic levels and significantly below their 2008 peak.

Corporate Insolvencies (volumes)



Source: BEG financial reports

They are however expected to grow progressively from here as high interest rates and inflation put pressure on UK corporates. Divisional dynamics are improving. BEG confirmed that income has grown across all case sizes and that more complex appointments represent over 50% of revenue. In recent years the business has made significant progress in developing its reputation for mid-market insolvency expertise, with an increase in market share for administrations. Despite recent revenue growth, market activity in that core activity remains below historic levels.

Insolvency Service quarterly data recorded an increase in corporate insolvencies (England & Wales, year to end March) nationally to 22,983 last year (2022: 16,575). Liquidations were above pre-pandemic levels, with an increase in administrations (typically larger cases). The latter figure is still below historic levels, but above 2021 post-pandemic lows. BEG anticipates that continued pressure on UK corporates will translate into further market growth.

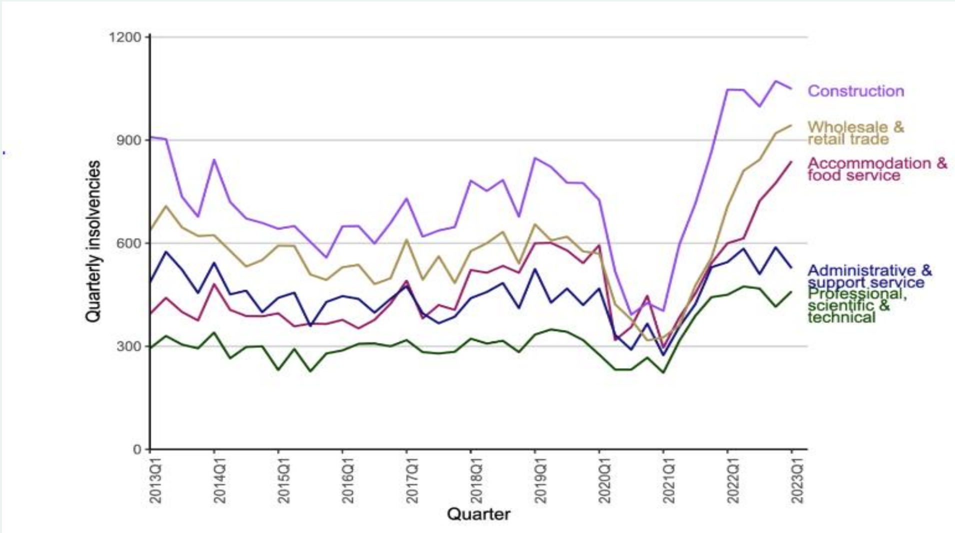
Number of Administration Appointments

Source: BEG financial reports

For the group, FY23 appointments included as administrators of Worcester Rugby Club, Avonside Group (UK's largest roofing contractor), Silverbond Enterprises Limited (former operator of London's Park Lane Casino), Cox & Cox (on-line furniture retailer) and Paperchase (national retailer). BEG also set up a pilot project with a bank in FY23 to assist in the recovery of bounce back loans, which included over 100 cases.

The outlook for this year is driven by pressure on key UK industries, with the construction sector identified as particularly economically sensitive in a recent UK Insolvency Services report. This notes that construction firms and their supply chain partners have entered insolvency or administration at a record rate in the last year and were nearly one in five of all UK insolvencies recorded in Q1 2023. In the year end to March 2023, construction firms represented 19% of all recorded insolvency cases by industry.

Quarterly insolvencies by sector



Source: Insolvency Service data

The sector is vulnerable to rising costs of raw materials, labour, fuel and energy, particularly acute if they operate under fixed-price contracts signed before recent sharp rises in inflation which have pushed such schemes into deficit. Other factors included skilled labour shortages, project delivery delays, the burden of Covid-era loan repayments and cost of refinancing at much higher interest rates are contributing negatively.

It also cites a shortage of skilled professionals adding to costs via project delivery delays and wage inflation pressures. Higher levels of construction sector administrations reflect reliance on Covid-era government-backed loans which will need refinancing and erosion of margins and cashflow due to higher interest rates.

Other reports such as S&P Global/CIPS UK Construction Purchasing Managers' Index are more positive. Construction companies report a gradual turnaround in client confidence and faster decision-making on new projects, as well as a decline in input prices.

However, the prospect of a UK recession later this year may dampen demand and there are concerns over a weak outlook for housebuilding activity, and diminished sector and buyer confidence. ONS data published in June anticipates a reduction in monthly construction output. It is forecast to decline by 1.3% overall in 2023, according to Experian.

Financial Advisory

The services provided are restructuring, debt advisory, corporate finance, forensic accounting, and funding. BEG committed further investment to the ongoing development of its new funding service line in FY23 via the acquisition of London based FCA-regulated finance and insurance brokerage Mantra Capital in July 2022. This performed in line with expectations and built on the addition, in May 2021 of MAF Finance Group. Finance broking provides a valuable complement to other group advisory and transactional services and adds depth to BEG's existing relationships with banks and other lenders.

MAF focuses on providing access to finance through arranging facilities for investment in new asset purchases (including equipment, vehicles, and property), as well as refinancing and restructuring existing facilities. It arranges finance for commercial and residential real estate investment and development, for trading businesses and residential mortgages. It also provides insurance brokerage services to its commercial clients.

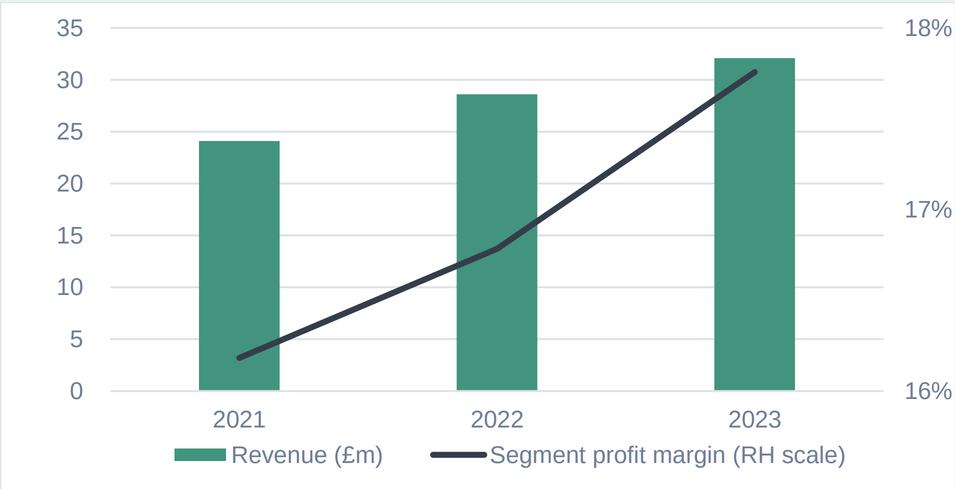
In FY23 the division also advised on the first SME court sanctioned restructuring plan (enabled by the Corporate Insolvency and Governance Act 2020) of short-term holiday lettings operator Houst. This followed its previous use of the new legislation in 2021 on the mid-market Amicus finance restructuring.

Property advisory and transactional services

Divisional revenue was 12% up (3% organic) y-o-y to £32.1m, a combination of acquisitions (first-time contribution from FY23 and full contributions from prior year transactions) and organic growth. This was a resilient performance in a challenging marketplace.

Operating expenses were higher at £26.4m (2022: £23.8m), both costs associated with recent acquisitions and inflation, principally on salaries. These were however a lower percentage of revenue, and operating margins improved to 18.0% (2022: 16.8%). Divisional profit was up 19% at £5.7m (2022: £4.8m).

Property Advisory - segment revenues and margins



Source: BEG financial reports

Summary of Divisional performance	
Valuations	Provides valuations on commercial property, businesses, and other assets. FY23 was busier y-o-y and benefited from full inclusion of Daniells Harrison, acquired during FY22, which extended this team's national coverage.
Transactions	An increase in agency income in FY23 reflected acquisitions and organic growth. Auction activity was above the prior year and included higher insolvency-related plant & machinery sales, offset by lower property auction income. H2 saw a recovery in completed transactions and robust corporate lettings. It also reported encouraging signs of increased activity levels and in the current higher interest rate cycle, expects an increased proportion of property sales to be conducted by auction. The Eastern England team benefited from the acquisition of Budworth Hardcastle and Banks Long & Co. The addition of a team from Sheffield based Mark Jenkinson & Co. enhanced the property auction offer and has been integrated and now operates on a common auction platform.
Projects and development	This team offers consultancy services, including project management, building surveying and specialist advice. It acts for landlords, tenants, investors, and developers. It includes specialists in the education sector that work for public sector clients and has an increasing focus on sustainability. During FY23 it integrated the Budworth Hardcastle team and expanded its public sector practice in the education sector and other areas. Activity levels for the divisions transport planning and highway design team were in line with the prior year. This team continued to advise and be appointed on new development schemes in FY23.
Asset management and insurance	Manages commercial properties for investors, corporate occupiers, and property companies across the UK with an asset base of shopping centres, industrial portfolios, and commercial offices. The integration of the Budworth Hardcastle property management team in FY23 increased properties under management. This team has long-standing client relationships and organic income was broadly in line with the prior year. Income from insurance and vacant property risk management activities increased vs the prior year due to additional insolvency-related instructions.

Source: Company

The group's five-year track record illustrates the benefits of, and justifies its commitment to, the growth strategy outlined below.

Proven 5 years record						
y/e 30 April, £k	**2019**	**2020**	**2021**	**2022**	**2023**	**5 years change**
Revenue	**60,058**	**70,503**	**83,831**	**110,002**	**121,825**	
Growth %	*+15%*	*+17%*	*+19%*	*+31%*	*+11%*	*+132%*
Adjusted PBT	**7,067**	**9,151**	**11,511**	**17,759**	**20,651**	
Growth %	*+27%*	*+29%*	*+26%*	*+54%*	*+16%*	*+270%*
Adjusted EPS (p)	**4.9**	**5.7**	**6.9**	**9.1**	**10.5**	
Growth %	*+23%*	*+16%*	*+21%*	*+32%*	*+15%*	*+163%*
Dividends (p)	**2.60**	**2.80**	**3.00**	**3.50**	**3.80**	
Growth %	*+8%*	*+8%*	*+7%*	*+17%*	*+9%*	*+58%*
Net cash	**(6.00)**	**(2.80)**	**3.00**	**4.70**	**3.00**	

Source: BEG financial reports

Consolidated statement of comprehensive income					
Y/E 30 April, £m	**2020**	**2021**	**2022**	**2023**	**2024E**
Revenue	**70.5**	**83.8**	**110.0**	**121.8**	**129.0**
Direct costs	(40.3)	(48.3)	(62.2)	(67.7)	(71.0)
Gross profit	30.2	35.6	47.8	54.1	58.5
Other operating income	0.4	0.2	0.2	0.2	0.2
Administrative expenses	(26.7)	(32.9)	(43.1)	(47.2)	(51.0)
Operating profit	**3.9**	**2.8**	**4.9**	**7.2**	**7.7**
Adj. Operating profit (before amortisation and transaction costs)	10.1	12.4	18.6	21.8	23.2
Transaction costs	(3.2)	(6.5)	(8.2)	(8.4)	(10.0)
Amortisation of intangible assets arising on acquisitions	(3.1)	(3.1)	(5.5)	(6.2)	(5.5)
Operating profit	**3.9**	**2.8**	**4.9**	**7.2**	**7.7**
Finance costs	(1.0)	(0.9)	(0.8)	(1.2)	(1.2)
Profit before tax	2.9	1.9	4.0	6.0	6.5
Adjusted PBT	**9.2**	**11.5**	**17.8**	**20.7**	**22.0**
Tax	(2.0)	(1.8)	(4.5)	(3.1)	(5.7)
Profit after tax	**0.9**	**0.2**	**(0.5)**	**2.9**	**0.8**
Earnings per share					
Adjusted EPS - basic	5.7p	6.9p	9.1p	10.5p	10.3p
Adjusted EPS - diluted	5.7p	6.7p	8.8p	10.1p	10.1p

Source: Group financial statements/ ED estimates

Balance sheet

Y/E 30 April, £m	2020	2021	2022	2023	2024E
Non-current assets					
Intangible assets	59.4	77.6	75.3	73.4	73.4
Property, plant and equipment	1.8	2.1	2.0	2.0	2.0
Right of use assets	7.0	7.5	5.5	7.8	7.8
Trade and other receivables	4.6	4.0	4.2	5.2	5.2
	72.8	**91.2**	**86.9**	**88.3**	**88.3**
Current assets					
Trade and other receivables	36.5	45.4	49.7	55.6	55.5
Cash and cash equivalents	7.2	8.0	9.7	8.0	8.9
	43.7	**53.4**	**59.4**	**63.6**	**64.4**
Total assets	**116.6**	**144.6**	**146.3**	**151.9**	**152.7**
Current liabilities					
Trade and other payables	(22.2)	(33.3)	(37.2)	(42.6)	(42.6)
Current tax liabilities	(1.9)	(2.6)	(1.8)	(1.1)	(1.1)
Lease liabilities	(2.2)	(3.0)	(1.7)	(1.6)	(1.5)
Provisions	(0.9)	(0.6)	(1.5)	(1.0)	(1.0)
	(27.2)	**(39.4)**	**(42.2)**	**(46.3)**	**(46.2)**
Net current assets	**16.5**	**14.0**	**17.2**	**17.2**	**18.1**
Non-current liabilities					
Borrowings	(6.1)	(5.8)	(5.0)	(5.0)	(5.0)
Lease liabilities	(10.0)	(5.0)	(4.6)	(6.7)	(6.7)
Provisions	(1.9)	(2.6)	(2.0)	(2.1)	(2.1)
Deferred tax	(5.7)	(5.5)	(8.0)	(7.4)	(7.5)
	(23.8)	**(18.9)**	**(19.6)**	**(21.2)**	**(21.3)**
Total liabilities	**(51.0)**	**(58.3)**	**(61.8)**	**(67.5)**	**(67.5)**
Net assets	**65.6**	**86.3**	**84.5**	**84.3**	**85.2**

Source: Group financial statements/ ED estimates

Consolidated cash flow statement					
Y/E 30 April, £m	**2020**	**2021**	**2022**	**2023**	**2024E**
Cash flows from operating activities					
Cash generated by operations	**4.7**	**16.2**	**14.2**	**13.2**	**18.8**
Income taxes paid	(2.2)	(2.3)	(3.6)	(5.3)	(6.4)
Interest paid on borrowings	(0.4)	(0.3)	(0.3)	(0.7)	(0.7)
Interest paid on lease liabilities	(0.5)	(0.5)	(0.5)	(0.4)	(0.4)
Net cash from operating activities	1.7	13.0	9.8	6.8	11.3
Investing activities					
Purchase of intangible fixed assets	(0.7)	(1.0)	(0.2)	(0.1)	0.0
Purchase of property, plant and equipment	(0.1)	(0.3)	(0.9)	(0.9)	(0.9)
Deferred consideration payments	(0.7)	(0.2)	(0.0)	(0.3)	(0.5)
Acquisition of businesses (net of cash acquired)	(3.0)	(22.0)	(0.3)	(0.8)	0.0
Cash from acquired businesses	3.4	1.5	0.4	1.2	0.0
Net cash used in investing activities	(1.1)	(22.0)	(0.9)	(0.9)	(1.4)
Financing activities					
Dividends paid	(3.2)	(3.6)	(4.6)	(5.4)	(6.7)
Net proceeds on issue of shares	7.8	20.9	0.5	0.2	0.0
Repayment of obligations under leases	(1.9)	(2.7)	(3.2)	(2.4)	(2.4)
Proceeds on issue of SIP scheme shares	0.0	0.0	0.0	0.0	0.0
Repayment of loans	0.0	(5.0)	0.0	0.0	0.0
Net cash used in financing activities	**2.7**	**9.7**	**(7.2)**	**(7.6)**	**(9.0)**
Net increase (decrease) in cash and cash equivalents	3.2	0.7	1.7	(1.7)	0.9
Cash at beginning of year	4.0	7.2	8.0	9.7	8.0
Cash at year end	**7.2**	**8.0**	**9.7**	**8.0**	**8.9**

Source: Group financial statements/ ED estimates

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