Legal Entity Identifier (LEI) No. 213800MDNBFVEQEN1G84

Triad Group Plc

AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2018

(Company number: 2285049)

Triad Group Plc is pleased to announce its results for the year ended 31 March 2018.

The Board is proposing a final dividend of 1.0p per share. Subject to shareholder approval at the Annual General Meeting on 5 September 2018, the Company will pay the dividend on Tuesday 14 September 2018 to all shareholders on the register of members of the Company at the close of business on 24 August 2018. The ex-dividend date will be on 23 August 2018.

For further information, please contact:

Triad Group Plc

Nick Burrows
Company Secretary

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Arden Partners plc

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Strategic report

Financial highlights

- Revenue for the year ended 31 March 2018: £27.8m (2017: £30.9m)
- Profit before tax: £1.66m (2017: £1.52m)
- Earnings before interest, tax, depreciation and amortisation (EBITDA): £1.75m (2017: £1.61m)
- Profit after tax: £1.62m (2017: £1.53m)
- Gross profit as a percentage of revenue: 17.0% (2017: 16.2%)

Chairman's statement

Dr John Rigg, Executive Chairman

For the year ended 31 March 2018 I am pleased to report another encouraging set of results. Profit before tax has again improved to £1.66m (2017: £1.52m), as has our gross profit as a percentage of revenue, increasing to 17.0% (2017: 16.2%). Revenue has decreased to £27.8m (2017: £30.9m) due to a gradual decline in lower margin activities. With healthy cash reserves and the commitment of dedicated management and staff, we remain well placed to continue with the strengthening of the business.

During the year we received news that Triad was in the top 100 SME suppliers to Government across all categories of expenditure (source: Crown Commercial Services), and that we were in the Top 20 suppliers to Central Government via the Digital Marketplace (source: TechMarketView). These achievements serve to demonstrate the important role Triad has played in supporting the Government's ICT agenda.

The environment in which the Group operates is becoming increasingly competitive, and last year was made all the more challenging by the Off Payroll Legislation and the re-procurement of services by one of our biggest clients.

Off Payroll Legislation had the potential to disrupt many services where our delivery teams included contractor staff. Clients and delivery organisations alike were waiting until the very last minute for HMRC guidance, creating considerable uncertainty. Our constant communication with clients and contractors enabled us to navigate this difficult period with minimal disruption to service.

A key Government client issued a number of contract opportunities via the DOS Framework to replace a series of contracts coming to a natural end via the Digital Services Framework (DSF). These competitions were not like-for-like replacements for their DSF predecessors, meaning that change was inevitable for all existing suppliers, including our company. Following an intensive, multi-month, period of procurement the Group was successful in winning significant 24-month contracts for the provision of Business Analysis Services and for the provision of Production Services representing a tremendous achievement for the company.

The Business Analysis Service forms a key part of the Common Platform Programme at Ministry of Justice, underpinning wider work within the Crime Programme which seeks to transform the way justice systems operate. Our Production Services team is also providing a key function to these programmes, creating a technical platform from which new services will be delivered. A key highlight of the year was our involvement in the Digital Mark-Up system, which was rolled out across the Magistrates' Courts of England and Wales. The company is very proud to be working on such programmes of national importance and to be engaged in developing national infrastructure that will enable significant change. Our engineering team at Home Office continued to develop the technology platform responsible for delivering a number of digital services. Our consultants have used the latest thinking in automated engineering practices to deliver a leading-edge platform capable of on-boarding services from multiple sources in a consistent and secure manner.

Triad won a significant contract to modernise the Renewable Transport Fuel Obligation system for Department for Transport, a project which will also pave the way for the forthcoming Greenhouse Gas legislation. This engagement draws on our significant domain expertise around the RTFO legislation as well as our extensive experience of software delivery using the practices espoused by Government Digital Services.

During the year, we developed a new system for a firm of national surveyors specialising in the Utilities Sector. The system replaced their outdated Enterprise Resource Planning (ERP) capability with a modern platform that facilitates the management of schemes and projects. Schemes are managed by integrating data, communications and maps to provide an holistic view of a project with alerts and key risks clearly highlighted. Our client's customers are able to view the schemes using secure access protocols developed by our team. The system was rolled out during the period, and a second phase of enhancements is being planned.

Triad consultants been working with policing teams to deliver better ways of sharing information nationally to help prevent crime, and other teams continue to support the Chief Technology Officer at Highways England as they progress their programme to modernise and prepare for future demands.

In addition to more recent clients, we continued to support a number of long-standing clients with specialist technical expertise. This included the provision of staff to a global banking client and the supply of Geographic Information System (GIS) technical staff to a leading engineering consultancy. This length of association with clients reinforces a hallmark of the company, our ability consistently to deliver an outstanding service.

Other achievements in the year included our inclusion on the pan-Governmental Management Consultancy framework. This framework will provide opportunities to deliver more strategic consultancy to public sector clients looking to benefit from Triad's considerable experience in digital transformation activity.

Triad also sponsored events around the emerging Blockchain platform to promote wider discussion regarding its use in business. We developed our own Blockchain application to demonstrate its potential and to help clients understand the challenges, as well as the opportunities, this much-vaunted technology offers.

Our Microsoft practice area delivered a number of solutions to clients in the public and private sector and a particular highlight was the award of Microsoft's "Most Valuable Professional" accolade to one of our consultants.

Consultant numbers increased towards the end of the year as part of an ongoing programme to increase our fee-earning headcount.

Dividend and Share Price

I am pleased to announce that, in addition to the interim dividend paid during the year of 0.5p (2017: nil), the Directors have proposed a final dividend for the year ended 31 March 2018 of 1p per share (2017: 0.5p).

Triad is aware of discussion in the media of the possibility that, as a result of a court order declaring the bankruptcy of a major Triad shareholder, there may be a large overhang of shares waiting to be sold which may, in turn, be weighing down the share price. After thorough investigation of the situation by Triad's Board, I am able to confirm that no substantial body of shares in the hands of a Trustee in Bankruptcy is waiting to be sold.

Outlook

The new financial year has started well with a significant new contract to provide consultants to Ofgem as part of the rewrite of the system supporting the Energy Company Obligation (ECO) programme. New starters are joining existing engagements and providing additional capacity to win further work.

Contractor numbers have reduced on a long-standing account where one programme has scaled down significantly for the next two quarters but the sales pipeline includes opportunities to address this.

The Group remains focused on growing gross profit and improving margin, rather than pursuing revenue at the expense of these vital performance measures.

We are investing in a number of marketing and communications projects to raise the Group's profile during the forthcoming year, including the launch of a new website that better reflects our capabilities as a provider of highly skilled technical consultants.

Employees

On behalf of the Board I would like to thank all our staff for their efforts during the past year.

John Rigg
Chairman
8 June 2018

Organisation overview

Triad Group Plc is engaged in the provision of IT consultancy, solutions and resourcing services to the public and private sectors.

Principal objectives

The principal objectives of the Group are to;

- Provide clients with industry leading service in our core skills.

- Achieve sustainable profitable growth across the business and increase long term shareholder value.

The key elements of our strategy to achieve our objectives are;

To provide a range of specialist services relevant to our clients' business

- Our services include consultancy, change leadership, project delivery, software development, mobility services and business insights. Further capacity and expertise is provided via our resourcing services.

- We continue to adopt a "business first, technology second" approach to solving our clients' problems. A cornerstone of our service offer is our consultancy model, offering advice and guidance to clients in terms of technology investments.

To develop long term client relationships across a broad client base

- Enduring client relationships fuel profitability. A hallmark of our recent improvements has been the frequency of repeat business, which itself has been a function of outstanding delivery and proactive business development within existing accounts.

- Our consistent track record in this regard is our major asset when developing propositions for new clients, along with the use of case studies and references.

- We have structured our service offering to enable clients to engage early, thus enabling the building of trust and confidence from the outset.

To work with partners

- Our strategy includes working with carefully chosen partners operating under their client frameworks in addition to the frameworks on which Triad is listed. This will expose more opportunities whilst reducing the cost of sale.

To leverage group capability and efficiency to increase profitability

- We continue to develop synergies across the Group's activities both externally and internally, driving better outcomes for clients whilst improving efficiency and effectiveness. The management team sets objectives to ensure that these synergies are exploited.

- We enable our clients to benefit from access to a full range of ICT services, delivered through a single, easy to access, point of sale.

- We will continue to strive to provide the highest quality of service through the provision of niche resources using market experts, and the supply of IT services though our team of skilled consultants.

- We will strengthen our pipeline of work through the development of fulfilling and productive client relationships.

Business model

The Group provides services to the public and private sectors in the provision of IT consultancy and solutions services, and IT resourcing (both contract and permanent). Typically, this entails the supply of our own permanent consultants, the supply of carefully chosen associates and contractors, or a combination of these.

The Group operates in the United Kingdom from offices in Godalming (registered office) and Milton Keynes.

Principal risks and uncertainties

The Group's business involves risks and uncertainties, which the Board systematically manages through its planning and governance processes.

The Board has conducted a robust assessment of the principal risks facing the Group, examining the Group's operating environment, scanning for potential risks to the health and wellbeing of the organisation. The Directors factor into the business plan the likelihood and magnitude of risk in determining the achievability of the operational objectives. Where feasible, preventive and mitigating actions are developed for all principal risks.

Senior management review the risk register and track the status of these risk factors on an on-going basis, identifying any emerging risks as they appear.

The outputs of this management review form part of the Board's governance process, reviewed at regular Board meetings.

The principal risks identified are:

IT services market
The demand for IT services is affected by UK market conditions. The creation of new services, acquisition of new clients and the development of new commercial vehicles is important in protecting the Group from fluctuations in market conditions.

Revenue visibility
The pipeline of contracted orders for time and materials consultancy work can be relatively short. The Board carefully reviews forecasts to assess the level of risk arising from business that is forecast to be won.

Availability of staff
The ability to recruit and retain staff, and access to appropriately skilled resources are key to ensuring the ability to win and deliver IT services to our clients. The Group continues to recruit quality individuals, and ensures a resilient network of associate resources is maintained.

Competition
The Group operates in a highly competitive environment. The markets in which the Group operates are continually monitored to respond effectively to emerging opportunities and threats.

There are or may be other risks and uncertainties faced by the Group that the Directors currently deem immaterial, or of which they are unaware, that may have a material adverse impact on the Group.

Viability Statement

In accordance with the Listing Rules the Directors have assessed the Company's viability over the next five financial years.

This assessment of viability has been made with reference to the Group's current financial and operational positions, revenue projections, cash flows, availability of required finance, commercial opportunities and threats, and the Group's experience in managing adverse conditions in the past. The Company was founded in 1988 and has survived successfully since then.

The assessment also considered the impact of severe, yet plausible, scenarios based on the principal risks set out on page 5 above. In particular, the effect of an unexpected loss of the Group's largest client was considered in order to assess the financial impact on revenue visibility, staff utilisation and cash flow. Sensitivities around revenue growth, gross margins, and availability of funds to meet operational requirements were considered.

Based on this assessment the Directors have concluded that there is a reasonable expectation that the Company and Group will continue in operation and meet its liabilities as they fall due over the next five years.

Given the Group's business model and commercial and financial exposures the Directors consider that five years is an appropriate period for the assessment. The maximum period of visibility of commercial arrangements with clients is currently two years, however in considering the assessment period assumptions have been made beyond this immediate timeframe.

Performance assessment, financial review and outlook

Financial and non-financial key performance indicators (KPIs) used by the Board to monitor progress are revenue, profit from operations, EBITDA, gross margin and headcount. Financial KPIs are discussed in more detail in the Financial Review below. The outlook for the Group is discussed in the Chairman's statement on page 1.

The KPIs are as follows;

	2018	2017
Revenue	**£27,819,000**	£30,912,000
Profit from operations	**£1,679,000**	£1,547,000
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**£1,745,000**	£1,612,000
Gross margin	**17.0%**	16.2%
Average headcount	**58**	55

Corporate social responsibility

Our employees

The Group is committed to equal opportunities and operates employment policies which are designed to attract, retain and motivate high quality staff, regardless of gender, age, race, religion or disability. The Group has a policy of supporting staff in long term career development.

The Group recognises the importance of having effective communication and consultation with, and of providing leadership to, all its employees. The Group promotes the involvement of its employees in understanding the aims and performance of the business.

The following table shows the average number of persons employed during the year, by gender, who were directors, senior managers or employees of the Company.

	Male	Female	Total
Directors	6	-	**6**
Senior managers	1	1	**2**
Employees	39	11	**50**
	46	**12**	**58**

Environment and greenhouse gas reporting

The Group is committed to ensuring that the actual and potential environmental impact of its activities is understood and managed effectively.

The annual quantity of Greenhouse Gas (GHG) Emissions for the period 1 April 2017 to 31 March 2018 in tonnes of carbon dioxide equivalents (tCO_2e) is shown in the table below.

	2018	2017
	tCO_2e*	tCO_2e*
Emission source:		
Combustion of fuel	**19**	23
Electricity and heat purchased for own use	**117**	94
Total	**136**	117
tCO_2e per £1m revenue	**4.9**	3.8

*The calculation of tCO_2e for each source has been prepared in accordance with DEFRA guidelines for GHG reporting.

Social, community and human rights issues

We do not report on social, community and human rights issues as the Group has no significant matters to report that would be required to understand the performance of the Group's business.

Financial review

Group performance

The Group reports the following results for the financial year ended 31 March 2018:

Group revenue has decreased to £27.8m (2017: £30.9m). This is mainly due to a decline over the period in contractor assignments from lower margin projects.

The Group reports an increase in profit from operations to £1.68m (2017: £1.55m). Earnings before interest, tax, depreciation and amortisation (EBITDA) is £1.75m (2017: £1.61m). The Group reports a profit after tax of £1.62m (2017: £1.53m).

Gross margin has increased to 17.0% (2017: 16.2%). This is further to the decline in lower margin projects mentioned above bolstered by improvements in average charge out rates.

Overheads

Administrative expenses for the year have decreased to £3.04m (2017: £3.45m). The decrease is primarily due to the reversal of a £0.2m provision recognised in 2017.

Staff costs have increased to £4.2m (2017: £4.0m). The average headcount for the year has increased to 58 (2017: 55). Efforts to increase the headcount of technical staff have proved challenging but a significant number of appointments have been made in 2018. The priority is to improve utilisation and day rates further.

Cash

Cash and cash equivalents at 31 March 2018 increased to £3.8m (2017: £2.2m). There was a net cash inflow from operating activities of £1.7m (2017: £1.3m). The net cash outflow from financing activities was £0.15m (2007: inflow of £0.04) further to the dividend payments totalling £0.16m (2017: £nil) during the year. See note 9. The net cash outflow from investing activities was £0.03m (2017: £0.07m).

Fixed assets

Tangible assets were purchased totalling £0.1m (2017: £0.1m).

Net assets

The net asset position of the Group at 31 March 2018 was £5.1m (2017: £3.6m). The movements during the year are detailed on page 31.

Share options

124,400 options were exercised by directors and staff during the year. 660,000 options were granted during the year. An expense of £1,878 (2017: £2,000) has been recognised relating to options granted in September 2014.

By order of the Board

Nick Burrows
Finance Director
8 June 2018

Directors' Report

The Directors present their Annual Report on the activities of the Group, together with the financial statements for the year ended 31 March 2018. The Board confirms that these, taken as a whole, are fair, balanced and understandable, and that they provide the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy, and that the narrative sections of the report are consistent with the financial statements and accurately reflect the Group's performance and financial position.

The Strategic Report provides information relating to the Group's activities, its business and strategy and the principal risks and uncertainties faced by the business, including analysis using financial and other KPIs where necessary. These sections, together with the Directors' Remuneration and Corporate Governance Reports, provide an overview of the Group, including environmental and employee matters and give an indication of future developments in the Group's business, so providing a balanced assessment of the Group's position and prospects, in accordance with the latest narrative reporting requirements. The Group's subsidiary undertakings are disclosed in the notes to the financial statements.

Corporate Governance disclosures required within the Directors' Report have been included within our Corporate Governance Report beginning on page 13.

Share capital and substantial shareholdings

Share capital

As at 31 March 2018, the Company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the ordinary share capital can be found in note 19 to these financial statements.

Voting rights

The Group's articles provide that on a show of hands at a general meeting of the Company every member who (being an individual) is present in person and entitled to vote shall have one vote and on a poll, every member who is present in person or by proxy shall have one vote for every share held. The notice of the Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the Annual General Meeting.

Transfer of shares

There are no restrictions on the transfer of ordinary shares in the Company other than as contained in the Articles:

- The Board may, in its absolute discretion, and without giving any reason for its decision, refuse to register any transfer of a share which is not fully paid up (but not so as to prevent dealing in listed shares from taking place) and on which the Company has a lien. The Board may also refuse to register any transfer unless it is in respect of only one class of shares, in favour of no more than four transferees, lodged at the Registered office, or such other place as the Board may decide, for registration, accompanied by a certificate for the shares to be transferred (except where the shares are registered in the name of a market nominee and no certificate has been issued for them) and such other evidence as the Board may reasonably require to prove the title of the intending transferor or his right to transfer the shares.

Certain restrictions may from time to time be imposed by laws and regulations, for example:

- Insider trading laws; and
- Whereby certain employees of the Group require the approval of the Company to deal in the Company's ordinary shares.

Appointment and replacement of directors

The Board may appoint Directors. Any Directors so appointed shall retire from office at the next Annual General Meeting of the Company, but shall then be eligible for re-appointment.

The current Articles require that at the Annual General Meeting one third of the Directors shall retire from office but shall be eligible for re-appointment. The Directors to retire by rotation at each Annual General Meeting shall include any Director who wishes to retire and not offer himself for re-election and otherwise shall be the Directors who, at the date of the meeting, have been longest in office since their last appointment or re-appointment.

A Director may be removed from office by the service of a notice to that effect signed by at least three quarters of all the other Directors.

Amendment of the Company's Articles of Association

The Company's Articles may only be amended by a special resolution passed at a general meeting of shareholders.

Substantial shareholdings

As at 31 March 2018, since the date of the last annual report in June 2017, the Company had received no notifications relating to interests in the Company's issued share capital, as required under the Disclosure and Transparency Rules (DTR 5).

As at 7 June 2018, no notifications have been received since the year end.

Dividends

The Directors are proposing a final dividend of 1p per ordinary share (2017: 0.5p). This dividend has not been accrued in the statements of financial position.

Financial instruments

The Board reviews and agrees policies for managing financial risk. These policies, together with an analysis of the Group's exposure to financial risks are summarised in note 3 of these financial statements.

Research and development activity

Research and development activities are undertaken with the prospect of gaining new technical knowledge and understanding, and developing new software.

Directors' interests in contracts

Directors' interests in contracts are shown in note 22 to the accounts.

Directors' insurance and indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors and officers. The Directors also have the benefit of the indemnity provisions contained in the Company's Articles of Association. These provisions, which are qualifying third-party indemnity provisions as defined by Section 236 of the Companies Act 2006, were in force throughout the year and are currently in force.

Disclosure of information to auditor

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Forward-looking statements

The Strategic Report contains forward-looking statements. Due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information, the actual results of operations, financial position and liquidity may differ materially from those expressed or implied by these forward-looking statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report, and in note 17 to the financial statements. In addition, note 3 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk. As highlighted in note 17 to the financial statements, the Group meets its day to day working capital requirements through an invoice finance facility.

The Group's projections, taking account of reasonable possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. The facility may be terminated by either party with one month's written notice. The Board receives regular cash flow and working capital projections to enable it to monitor its available headroom under this facility. These projections indicate that the Group expects to have sufficient resources to meet its reasonably expected obligations. The bank has not drawn to the attention of the Group any matters to suggest that this facility will not be continued on acceptable terms.

Further information in relation to the Directors' consideration of the going concern position of the Company is contained in the Viability Statement on page 6.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditor

Further to a retendering exercise initiated in May 2017, BDO LLP were reappointed as auditor of the Company. A formal process was undertaken whereby a number of firms were invited to tender. Those who responded met with a panel consisting of the Audit Committee Chairman and Executive Directors at which the tenders were reviewed with the proposed audit teams, followed by question and answer sessions. All tenders responses were formally evaluated and a recommendation was made to the Board. BDO LLP were appointed as auditor at the Company's AGM in August 2017.

Accordingly, a resolution to reappoint BDO LLP as auditor of the Company will be proposed at the next annual general meeting.

Environment and greenhouse gas reporting

Carbon dioxide emissions data is contained in the Corporate Social Responsibility section of the Strategic Report.

Statement of Directors' responsibilities

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 and have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards

(IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;

- prepare a Directors' Report, Strategic Report and Director's Remuneration Report which comply with the requirements of the Companies Act 2006.

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 and, as regards the Group financial statements, Article 4 of the IAS Regulation. 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 ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors confirm to the best of their knowledge:

- The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with the description of the principal risks and uncertainties that they face.

By order of the Board

Nick Burrows
Company Secretary
8 June 2018

Corporate governance report

The Board has considered the principles and provisions of the UK Corporate Governance Code 2016 (“the Code”) applicable for this financial period. The following statement sets out the Group’s application of the principles of the Code and the extent of compliance with the Code’s provisions, made in accordance with the requirements of the Listing Rules.

The Board

The Directors who held office during the financial year were:

Executive Directors

John Rigg, Chairman

Adrian Leer, Managing Director

Nick Burrows, Finance Director

Independent non-executive Directors

Alistair Fulton, senior independent non-executive Director

Steven Sanderson

Chris Duckworth (appointed 1 July 2017)

John Rigg is Chairman. He is a Chartered Accountant. He was a founder of Marcol Group Plc and was its Managing Director from 1983 until 1988. Marcol was floated on the Unlisted Securities Market in 1987. He was Chairman of Vega Group plc from 1989 until 1996, holding the post of Chief Executive for much of this period. Vega floated on the main market in 1992. He was a founder shareholder of Triad and served as the Chairman of the Company from 1988 up to just before its flotation in 1996, when he resigned to develop new business interests overseas. He was appointed as non-executive Chairman in June 1999: in May 2004 he became part-time executive Chairman. Between 4 February 2005 and 5 September 2007 John was acting Group Chief Executive.

Adrian Leer is Managing Director. He was appointed to the Board on 3 March 2015. He initially joined Triad in 2009 in a consultative capacity, providing advice to the business regarding its fledgling geospatial product, Zubed, and helping to secure significant wins with major clients. In 2010, he became General Manager of Zubed Geospatial. Adrian became Commercial Director of Triad Consulting & Solutions in 2012.

Nick Burrows is the Finance Director. He is a Chartered Accountant who joined Triad in 2001 as Financial Controller of the Consulting & Solutions business. He was appointed Company Secretary in 2008 and executive Finance Director in October 2009.

Alistair Fulton is a non-executive Director. He is a Chartered Engineer and member of the British Computer Society. He was the founding Managing Director of Triad. He continued in this role until February 1997 when he became non-executive Chairman, a position he retained until June 1999, when he took up his present position.

Steven Sanderson is a non-executive Director. He is a Chartered Accountant. He was appointed non-executive Director in January 2007. He has extensive experience at executive director level in the IT services and telecommunications sectors. His background includes public flotations, plc directorship, fund raising, acquisition and disposal activities.

Chris Duckworth was appointed on 1 July 2017 as a non-executive Director. He has held numerous positions within public and private companies as Finance Director, Managing Director, Non-Executive Director and Chairman. He was a founding shareholder and from 1989 to 1994 was Finance Director of Triad where he remained as a Non-Executive Director until 1999. From 1989 to 1994 he was Finance Director of Vega Group PLC after which he served as a Non-Executive Director until 1997. He was a founding shareholder and Chairman of Telecity PLC in May 1998 and subsequently acted as a Non-Executive Director until August 2001.

The Board exercise full and effective control of the Group and has a formal schedule of matters specifically reserved to it for decision, including responsibility for formulating, reviewing and approving Group strategy, budgets and major items of capital expenditure.

Regularly the Board will consider and discuss matters which include, but are not limited to:

- Strategy;
- Financial performance and forecast;
- Human resources; and
- City and compliance matters.

The Executive Chairman, John Rigg, is responsible for the leadership and efficient operation of the Board. This entails ensuring that Board meetings are held in an open manner, and allow sufficient time for agenda points to be discussed. It also entails the regular appraisal of each director, providing feedback and reviewing any training or development needs.

The Board meets regularly with senior management to discuss operational matters. The Non-Executive Directors must satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust. Following presentations by senior management and a disciplined process of review and challenge by the Board, clear decisions on the policy or strategy are adopted. The responsibility for implementing Board decisions is delegated to management on a structured basis and monitored at subsequent meetings.

During the period under review, and to date, the Executive Chairman has not held any significant commitments outside the Group.

Alistair Fulton is the nominated senior independent non-executive Director. Steven Sanderson and Chris Duckworth are non-executive Directors. All have long-standing industry experience in both executive and non-executive roles and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board benefits from their experience and independence, when they bring their judgement to Board decisions. The Board considers that all continue to remain independent for the reasons stated above.

The Group has a procedure for Directors to take independent professional advice in connection with the affairs of the Group and the discharge of their duties as Directors.

The Board has an Audit Committee, comprised of the Executive Chairman John Rigg, and the independent non-executive Directors, Alistair Fulton and Steven Sanderson. The Committee is chaired by Alistair Fulton.

The Board has a Remuneration Committee, comprised of the Executive Chairman John Rigg, and the independent non-executive Directors, Alistair Fulton and Steven Sanderson. The Committee is chaired by Alistair Fulton.

The following table shows the attendance of Directors at scheduled meetings of the Board and Audit and Remuneration Committees during the year ended 31 March 2018 and shows that the Board are able to allocate sufficient time to the company to discharge their responsibilities effectively.

	Board	Audit Committee	Remuneration Committee
Number of meetings held	12	2	2
Number of meetings attended			
Executive Directors:			
John Rigg (Chairman)	12	2	2
Nick Burrows	12	-	-
Adrian Leer	12	-	-
Non-executive Directors:			
Alistair Fulton	12	2	2
Steven Sanderson	8	2	2
Chris Duckworth	8	-	-

Audit Committee

The members of the Audit Committee are shown above.

The Board believe that John Rigg and Steven Sanderson, both Chartered Accountants with broad experience of the IT industry, and Alistair Fulton, who has been a Director of companies in the IT sector for over 30 years, have recent and relevant financial experience, as required by the Code.

The Audit Committee is responsible for reviewing the Group's annual and interim financial statements and other announcements. It is also responsible for reviewing the Group's internal financial controls and its internal control and risk management systems. It considers the appointment and fees of the external auditor, and discusses the audit scope and findings arising from audits. The Committee is also responsible for assessing the Group's need for an internal audit function.

Consideration of significant issues in relation to the financial statements

The Audit Committee have considered the following significant issues in relation to the preparation of these financial statements;

Revenue recognition: The Committee has considered revenue recognised in projects during, and active at the end of, the financial year to ensure revenue has been recognised correctly.

Going concern: The Committee has reviewed budgets and cash flow projections against borrowing facilities available to the Group to ensure the going concern basis of preparation of the results remains appropriate.

Meetings with auditor and senior finance team

The Audit Committee met with the senior finance team in advance of their meeting with the auditor, prior to commencement of the year end audit to discuss;

- Audit scope, strategy and objectives
- Key audit and accounting matters
- Independence and audit fee

Further meetings were held following completion of the audit with the senior finance team and the auditor to assess the effectiveness of the audit and discuss audit findings.

Effectiveness of external audit process

The Committee conducts an annual review of the effectiveness of the annual report process. Inputs into the review include feedback from the finance team, planning and scope of the audit process and identification of risk, the execution of the audit, communication by the auditor with the Committee, how the audit adds value and a review of auditor independence and objectivity. Feedback is provided to the external auditor and management by the Committee, with any actions reviewed by the Committee.

As described on page 11, the Audit Committee conducted a retendering of the annual audit during the year.

Auditor independence and objectivity

The Committee has procedures in place to ensure that independence and objectivity is not impaired. These include restrictions on the types of services which the external auditor can provide, in line with the FRC Ethical Standards on Auditing. The external auditor has safeguards in place to ensure that objectivity and independence is maintained and the Committee regularly reviews independence taking into consideration relevant UK professional and regulatory requirements. The external auditor is required to rotate the audit partner responsible for the Group audit every five years.

Non-audit fees

During the year the Group did not engage its auditor for any non-audit work.

The Committee is responsible for reviewing any non-audit work to ensure it is permissible under EU audit regulations and that fees charged are justified, thus ensuring auditor independence is preserved.

Appointment of external auditor

BDO LLP was reappointed external auditor in 2017 following a tendering process.

BDO LLP has confirmed to the Committee that they remain independent and have maintained internal safeguards to ensure that the objectivity of the engagement partner and audit staff is not impaired.

Internal audit

The Audit Committee has considered the need for a separate internal audit function this year but does not consider it appropriate in view of the size of the Group. The Group is certified to ISO 9001: 2015.

Internal controls and risk management

The Board has applied the internal control and risk management provisions of the Code by establishing a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The Board regularly reviews the process, which has been in place from the start of the year to the date of approval of this report and which is in accordance with FRC guidance on risk management, internal control and related financial and business reporting. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against misstatement or loss.

In compliance with the Code, the Audit Committee regularly reviews the effectiveness of the Group's systems of internal financial control and risk management. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant weaknesses and risks are effectively managed and, if applicable, considering the need for more extensive monitoring.

The Board has also performed a specific assessment for the purpose of this annual report. This assessment considers all significant aspects of internal control and risk management arising during the period covered by the report.

The key elements of the internal control and risk management systems are described below:

- Clearly documented procedures contained in a series of manuals covering Group operations and management, which are subject to internal project audit and external audit as well as regular Board review.

- An appropriate budgeting process where the business prepares budgets for the coming year, which are approved by the Board.

- Close involvement in the day to day management of the business by the executive Directors.

- Regular meetings between the executive Chairman, executive Director and senior managers to discuss and monitor potential risks to the business, and to implement mitigation plans to address them.

Remuneration Committee

The Remuneration Committee is responsible for setting remuneration for executive directors and the Chairman in accordance with the remuneration policy below. In addition, the Committee is responsible for recommending and monitoring the level and structure of remuneration for senior management.

The Group's Remuneration Committee is authorised to take appropriate counsel to enable it to discharge its duty to make recommendations to the Board in respect of all aspects of the remuneration package of Directors.

The Directors Remuneration Report can be found on page 19.

Whistleblowing

Staff may contact the senior independent non-executive Director, in confidence, to raise genuine concerns of possible improprieties in financial reporting or other matters.

Directors' training

Any new Board members are made fully aware of their duties and responsibilities as Directors of listed companies, and are supported in understanding and applying these by established and more experienced Directors. Further training is available for any Director at the Group's expense should the Board consider it appropriate in the interests of the Group.

Relations with shareholders

Substantial time and effort is spent by Board members on meetings with and presentations to existing and prospective investors. The views of shareholders derived from such meetings are disseminated by the Chairman to other Board members.

Private shareholders are invited to attend and participate at the Annual General Meeting.

Terms of reference

The terms of reference of the Audit and Remuneration Committees are available on request from the Company Secretary.

Statement of compliance

The Board considers that it has been compliant with the provisions of the Code for the whole of the period, except as detailed below:

A.2.1	*The roles of chairman and chief executive should not be exercised by the same individual*. John Rigg is the Executive Chairman. The Board currently has no plans to recruit a Chief Executive Officer as it considers that the duties are being satisfactorily covered by members of the Executive Board and the Group's senior management.
B.2.1/2.4	*There should be a nominations committee which should lead the process for board appointments and make recommendations to the board.* The Board considers that because of its size, the whole Board should be involved in Board appointments.
B.6	*The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors*. There is a process of continuous informal evaluation, due to the small size of the Board.
B.2.3	*Non-executive directors should be appointed for specified terms subject to re-election*. Although not appointed for fixed terms, Non-executive Directors are subject to re-election in accordance with the Company's Articles of Association at the Annual General Meeting. Their contracts are subject to a notice period that does not exceed one month.
B.7.1	*Non-executive directors who have served longer than nine years should be subject to annual re-election.* The Board consider that because of its size, re-election by rotation in accordance with the Company's Articles of Association at the Annual General Meeting is sufficient.

By order of the Board

Nick Burrows
Company Secretary
8 June 2018

Directors' Remuneration report

On the following pages we set out the Remuneration Report for the year ended 31 March 2018. The members of the Remuneration Committee are shown in the Corporate Governance Report on page 13.

This report has been prepared in accordance with the Companies Act 2006 and is split into two sections as follows;

1. The Directors' remuneration policy.
2. The Annual report on remuneration. This will be subject to an advisory shareholder vote at this years' Annual General Meeting.

No major decisions or changes were made to Directors' remuneration during the year.

Directors' remuneration policy

The remuneration policy sets out the framework within which the Company remunerates its Directors. The Company's remuneration policy was put to a shareholder vote at the 2014 Annual General Meeting of the Company and was approved by 100% of shareholders. There will be a shareholder vote to approve the remuneration policy at the Company's next AGM.

Policy table – executive Directors

Element	Relevance to short and long term strategic objectives	Operation	Maximum payable	Performance metrics
Base salary	Reflects the individual's skills, responsibilities and experience. Supports the recruitment and retention of Executive Directors.	Reviewed annually taking into consideration individual and companywide performance and the wider employee pay review.	Ordinarily, salary increases will be in line with average increases awarded to other employees in the Company.	None, although individual performance is considered when setting salary levels.
Benefits in kind	Protects the well-being of directors and provides fair and reasonable market competitive benefits.	Benefits in kind include company cars or allowances, private medical insurance, life cover and permanent health insurance. Benefits are reviewed periodically.	Benefits are set at a level considered to be appropriate taking into account individual circumstances	None.
Pension	Provides competitive post-retirement benefits to support the recruitment and retention of Executive Directors.	The Company pays contributions into a personal pension scheme or cash alternative.	The Company matches individual contributions up to a maximum of 5%.	None.
Share option scheme	Encourages share ownership amongst employees and aligns their interests with the shareholders.	The Company operates an EMI share option scheme. Discretionary awards are made in accordance with the scheme rules.	The potential value of options held rises as the Company's share price increases.	Specific performance criteria are specified at the time of awarding the share options to ensure alignment with the interests of shareholders.

The award of share options is at the discretion of the Remuneration Committee: there is no scheme providing entitlement to share options, and there is no long-term incentive scheme. The Group does not believe that performance related bonuses are appropriate at the present time. The executive Directors' existing interests in shares and share options are expected to align their interests with those of shareholders.

Policy table – non-executive Directors

Element	Relevance to short and long term strategic objectives	Operation	Maximum payable	Performance metrics
Fees	Competitive fees to attract experienced directors.	Reviewed annually.	In general, the level of fee increase for the non-executive directors will be set taking account of any change in responsibility.	Not applicable.

The remuneration of the non-executive Directors is agreed by the Board. However, no Director is involved in deciding their own remuneration.

Approach to recruitment remuneration

The Group's remuneration policy is to provide remuneration packages which secure and retain management of the highest quality. Therefore, when determining the remuneration packages of new executive Directors, the Remuneration Committee will structure a package in accordance with the general policy for executive Directors as shown above. In doing so the Committee will consider a number of factors including:

- the salaries and benefits available to executive Directors of comparable companies;
- the need to ensure executive Directors' commitment to the continued success of the Group;
- the experience of each executive Director; and
- the nature and complexity of the work of each executive Director.

Directors' service contracts and policy

The details of the Directors' contracts are summarised as follows:

	Date of contract	Notice period
J C Rigg	01/07/1999	1 month
A M Fulton	19/02/1997	1 month
S M Sanderson	01/01/2007	1 month
N E Burrows	03/03/2015	6 months
A Leer	03/03/2015	6 months
C J Duckworth	01/07/2017	1 month

All contracts are for an indefinite period. No contract has any provision for the payment of compensation upon the termination of that contract.

Illustrations of application of remuneration policy

As there are currently no performance related or variable elements of executive Director remuneration it is not appropriate to prepare illustrations required under the legislation.

Policy on payment for loss of office

It is the Group's policy in relation to Directors' contracts that:

- executive Directors should have contracts with an indefinite term providing for a maximum of six months' notice by either party.
- non-executive Directors should have terms of engagement for an indefinite term providing for one month notice by either party.
- there is no provision for termination payments to Directors.

Consideration of employment conditions elsewhere in group

In setting the executive Directors' remuneration, the Committee takes into account the pay and employment conditions applicable across the Group in the reported period. No consultation has been held with employees in respect of executive Directors' remuneration.

Consideration of shareholders views

The policy is unchanged from the previous year as endorsed by the unanimous vote in favour of the approval of the Directors' Remuneration Report at the Annual General Meeting in August 2017.

Annual report on remuneration (audited)

Directors' remuneration - single total figure of remuneration

The remuneration of each of the Directors for the period they served as a Director are set out below:

			2018		
Director	Basic salary and fees	Benefits in kind	Pension	Other*	**Total**
	£'000	£'000	£'000	£'000	**£'000**
Executive					
J C Rigg	60	-	-	-	**60**
N E Burrows	114	13	19	13	**159**
A Leer	146	12	9	26	**193**
Non-executive					
A M Fulton	43	-	-	-	**43**
S M Sanderson	35	-	-	-	**35**
CJ Duckworth (appointed 1/7/17)	29	-	-	-	**29**

* This represents the value of share options that vested on 18 September 2017 (see page 23), calculated as the number of options that vested multiplied by difference between the market price of the shares as at the vesting date (62.5p) and the exercise price (11.0p).

Director	2017 Basic salary and fees	Benefits in kind	Pension	Other	**Total**
	£'000	£'000	£'000	£'000	**£'000**
Executive					
J C Rigg	25	-	-	-	**25**
N E Burrows	92	13	18	-	**123**
A Leer	100	9	9	-	**118**
Non-executive					
A M Fulton	40	-	-	-	**40**
S M Sanderson	20	-	-	-	**20**

Benefits in kind include the provision of company car and medical insurance.

Pension includes a 5% employer contribution together with contributions made under an employee salary sacrifice scheme.

No performance measures or targets were in place for either the year ended 31 March 2018, or any prior financial year, upon which any variable pay elements could become payable during the year.

Two Directors are members of a money purchase scheme into which the Group contributed during the year.

Payments to past Directors

There were no payments to past Directors during the year.

Payment for loss of office

There were no payments for loss of office during the year.

Directors' interests in shares

The Directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of the Company. No change has occurred between the year end and the date of this report.

	1 April 2017	31 March 2018
A M Fulton	354,100	354,100
J C Rigg	4,509,400	4,509,400
S M Sanderson	104,089	104,089
N E Burrows	9,893	9,893
A Leer	5,379	5,379
C J Duckworth (appointed 1 July 2017)	*13,379	13,379

* shares acquired prior to appointment as a Director.

Directors' share options

The interests of executive Directors in share options were as follows:

	At beginning of year	Granted during year	Exercised during year	At end of year	Exercise price	Exercise period
N E Burrows:						
granted 07.08.08	5,000	-	-	5,000	14.0p	07.08.11 to 07.08.18
granted 23.09.11	100,000	-	-	100,000	13.5p	23.09.14 to 23.09.21
granted 18.09.14	25,000	-	-	25,000	11.0p	18.09.17 to 18.09.24
granted 09.03.18	-	75,000	-	75,000	53.5p	09.03.21 to 09.03.28
A Leer:						
granted 23.09.11	50,000	-	-	50,000	13.5p	23.09.14 to 23.09.21
granted 18.09.14	100,000	-	-	100,000	11.0p	18.09.17 to 18.09.24
granted 09.03.18	-	150,000	-	150,000	53.5p	09.03.21 to 09.03.28
	280,000	**225,000**	**-**	**505,000**		

280,000 share options were exercisable at the end of the year (2017: 155,000).

Share options are exercisable provided that the relevant performance requirement has been satisfied.

For options granted on 9 March 2018: 100% of the shares granted under an Option will vest if the Company's share price at 31 March 2021 has increased by 30% or more from the share price as at the date of grant. 50% of shares granted under an Option will vest if the Company's share price at 31 March 2021 has increased by 15% from the share price as at the date of grant. Between these upper and lower thresholds, awards vest on a straight-line basis.

For all other options: In any financial year commencing at least one year after the date of grant, the Company shall have achieved a positive basic earnings per share (subject to adjustment to exclude identified exceptional items), as reported in its audited annual accounts.

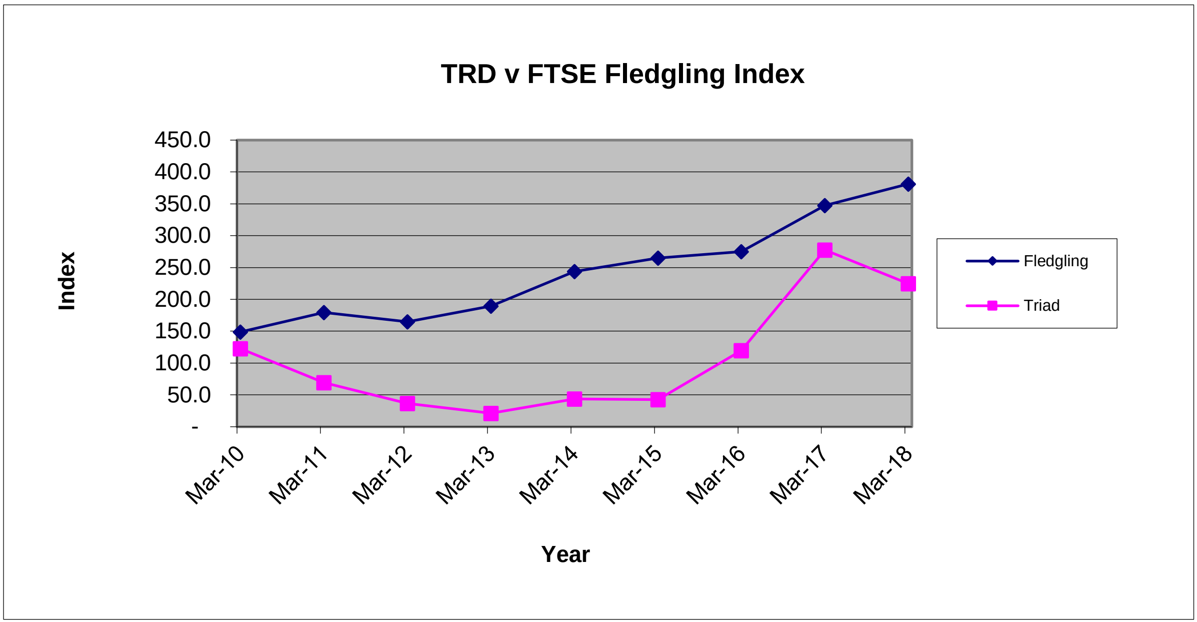
The total share based payment expense recognised in the year in respect of Directors' share options is £756 (2017: £1,585).

The market price of the Company's shares was 55p at 31 March 2018 and the range during the year was between 52p and 85p.

Annual Report on Remuneration (Unaudited)

Performance graph

The following graph shows the Group's performance, measured by total shareholder return, compared with the performance of the FTSE Fledgling Index ("FTSEFI") also measured by total shareholder return ("TSR"). The FTSEFI has been selected for this comparison because it is an index of companies with similar current market capitalisation to Triad Group Plc.



Chief executive remuneration

For the financial year ended 31 March 2018 the salary of the Executive Chairman increased by 140% to £60,000 (2017: £25,000). This represented the first salary increase for John Rigg since 1999. Employee salaries increased, on average, by 4% in the year.

Relative importance of spend on pay

The total dividends or other cash distributions to shareholders during the year was £155,258 (2017: £nil). See note 9. The total employee remuneration (including directors) during the year was £4,228m (2017: £3.994m).

Consideration of matters related to directors' remuneration

During the financial year, the remuneration committee met twice to consider Directors' remuneration. No external advice was sought in relation to matters discussed at these meetings.

Statement of voting at last general meeting

At the last annual general meeting the Directors' Remuneration Report was approved with 83.8% of votes cast in favour of the resolution. There were no votes withheld. There was no vote on the Directors' remuneration policy as the policy was unchanged from that last voted on by shareholders.

Alistair Fulton
Chairman, Remuneration Committee
8 June 2018

Independent auditor's report to the members of Triad Group Plc

Opinion

We have audited the financial statements of Triad Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the statements of comprehensive income and expense, the statements of changes in equity, the statements of financial position, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 5 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 5 in the annual report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 11 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 11 in the annual report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over

the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

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

Revenue recognition

As detailed in notes 1 and 4, revenue is recognised predominantly on a time and materials basis. Contracts to place a number of consultants for a period of time are agreed with customers. Revenue is then recognised based on the timesheets recorded and approved, either internally or externally, and a charge is based on an agreed hourly rate as per the contract.

We considered there to be a significant risk over the completeness of revenue due to missing or late timesheets or contractor invoices. There is also a presumed risk of fraud in relation to revenue recognition due to the possibility that management may be motivated to achieve certain results.

How we addressed the key matter in our audit

We tested the controls over the approval of timesheets, the conversion of these timesheets into invoices and the recognition of these invoices in the accounting system.

We performed a test on a sample basis over the revenue postings around the year end and post year end, agreeing the posting to supporting documentation, ensuring correct treatment of the balance. We also completed a test on a sample basis over the contractor costs incurred around the year end, agreeing them to supporting documentation and ensuring that the revenue associated with these has been recorded in the correct period.

We tested a sample of year end accrued and deferred income balances and agreed them through to supporting documentation.

We conducted an investigation into a sample of contracts for services provided in the year. We agreed the revenue recognised against the policy stipulated in the contract which is on a time and material basis to ensure the revenue recognition was appropriate. We tested the sample of contracts and the associated revenue to supporting documentation to ensure that the revenue was correctly recognised.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

The materiality for the group financial statements as a whole was set at £278,000 (2017 £300,000). This was determined with reference to a benchmark of revenue (of which it represents one per cent) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the group.

In determining the performance materiality in both the current and prior year, we based our assessment on a level of 70% of materiality. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors), the amount of areas of estimation within the financial statements and the type of audit testing to be completed.

The materiality threshold is the same for the group and company as the rest of the entities within the group are dormant and do not require a statutory audit. The reporting threshold to those charged with governance was set at £6,000 (2017 £6,000) which is 2% of the materiality threshold.

An overview of the scope of our audit

The group financial statements are a consolidation of six companies made up of one trading company (the Parent Company) which provides consultancy and development services and five dormant companies. In establishing the overall approach to the group audit, we determined the type of work that needed to be performed on each company. The group operates solely in the United Kingdom. Our group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements at the group and Parent Company level.

Based on our assessment we performed an audit of the complete financial information of the Parent Company as the only trading company.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. Our audit evidence was largely obtained through substantive procedures.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 9 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting set out on page 15; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 18 – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Other matters which we are required to address

Following a recommendation of the Audit Committee we were appointed by the directors to audit the financial statements for the year ended 31 March 2006. In respect to the year ended 31 March 2018 we were reappointed as auditor by the members of the parent company at the annual general meeting held on 23 August 2017. The total uninterrupted period of our engagement as auditor is 13 years covering the periods ended 31 March 2006 to 31 March 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Anna Draper (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

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

Statements of comprehensive income and expense
for the year ended 31 March 2018

Group and Company	Note	**2018 £'000**	2017 £'000
Revenue	4	**27,819**	30,912
Cost of sales		**(23,095)**	(25,912)
Gross profit		**4,724**	5,000
Administrative expenses		**(3,045)**	(3,453)
Profit from operations	5	**1,679**	1,547
Finance expense	6	**(17)**	(31)
Finance income		**-**	5
Profit before tax		**1,662**	1,521
Tax (charge)/credit	8	**(38)**	13
Profit for the year and total comprehensive income attributable to equity holders of the parent		**1,624**	1,534
Basic earnings per share	10	**10.45p**	10.08p
Diluted earnings per share	10	**10.02p**	9.55p

All amounts relate to continuing activities.

Statements of changes in equity
for the year ended 31 March 2018

Group

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2016	151	562	104	1,239	2,056
Profit for the year and total comprehensive income	-	-	-	1,534	1,534
Ordinary shares issued	4	43	-	-	47
Share-based payments	-	-	-	2	2
At 1 April 2017	155	605	104	2,775	3,639
Profit for the year and total comprehensive income	-	-	-	1,624	1,624
Dividend paid	-	-	-	(155)	(155)
Ordinary shares issued	1	14	-	-	15
Share-based payments	-	-	-	2	2
At 31 March 2018	**156**	**619**	**104**	**4,246**	**5,125**

Company

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2016	151	562	104	1,234	2,051
Profit for the year and total comprehensive income	-	-	-	1,534	1,534
Ordinary shares issued	4	43	-	-	47
Share-based payments	-	-	-	2	2
At 1 April 2017	155	605	104	2,770	3,634
Profit for the year and total comprehensive income	-	-	-	1,624	1,624
Dividend paid	-	-	-	(155)	(155)
Ordinary shares issued	1	14	-	-	15
Share-based payments	-	-	-	2	2
At 31 March 2018	**156**	**619**	**104**	**4,241**	**5,120**

Share capital represents the amount subscribed for share capital at nominal value.

The share premium account represents the amount subscribed for share capital in excess of the nominal value.

The capital redemption reserve represents the nominal value of the purchase and cancellation of its own shares by the Company in 2002.

Retained earnings represents the cumulative net gains and losses recognised in the statement of comprehensive income and expense.

Statements of financial position
at 31 March 2018

Registered number: 2285049

	Note	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Non-current assets					
Intangible assets	11	**4**	8	**4**	8
Property, plant and equipment	12	**136**	134	**136**	134
Deferred tax	8	**323**	361	**323**	361
		463	503	**463**	503
Current assets					
Trade and other receivables	14	**3,985**	5,051	**3,985**	5,051
Cash and cash equivalents	15	**3,751**	2,248	**3,751**	2,248
		7,736	7,299	**7,736**	7,299
Total assets		**8,199**	7,802	**8,199**	7,802
Current liabilities					
Trade and other payables	16	**(2,895)**	(3,702)	**(2,900)**	(3,707)
Financial liabilities	17	**(3)**	(11)	**(3)**	(11)
Short term provisions	18	**(99)**	(405)	**(99)**	(405)
		(2,997)	(4,118)	**(3,002)**	(4,123)
Non-current liabilities					
Financial liabilities	17	**(20)**	(-)	**(20)**	(-)
Long term provisions	18	**(57)**	(45)	**(57)**	(45)
		(77)	(45)	**(77)**	(45)
Total liabilities		**(3,074)**	(4,163)	**(3,079)**	(4,168)
Net assets		**5,125**	3,639	**5,120**	3,634
Shareholders' equity					
Share capital	19	**156**	155	**156**	155
Share premium account		**619**	605	**619**	605
Capital redemption reserve		**104**	104	**104**	104
Retained earnings		**4,246**	2,775	**4,241**	2,770
Total shareholders' equity		**5,125**	3,639	**5,120**	3,634

Triad Group Plc company only profit for the year was £1.624m (2017: £1.534m).
The financial statements on pages 30 to 54 were approved by the Board of Directors and authorised for issue on 8 June 2018 and were signed on its behalf by:

Nick Burrows
Director

Alistair Fulton
Director

Triad Group Plc is registered in England and Wales with registered number 2285049.

Statements of cash flows
for the year ended 31 March 2018

Group and company	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit for the year before taxation		**1,662**	1,521
Adjustments for:			
Depreciation of property, plant and equipment		**62**	60
Amortisation/impairment of intangible assets		**4**	5
Interest expense		**4**	4
Unwinding of discount on provisions		**13**	27
Profit on disposal of tangible assets		**(11)**	-
Share-based payment expense		**2**	2
Changes in working capital			
Decrease/(Increase) in trade and other receivables		**1,066**	(367)
(Decrease)/Increase in trade and other payables		**(807)**	205
Decrease in provisions		**(294)**	(101)
Cash generated by operations		**1,701**	1,356
Finance expense		**(17)**	(31)
Tax received		**-**	2
Net cash inflow from operating activities		**1,684**	1,327
Investing activities			
Proceeds from sale of property, plant and equipment		**11**	-
Purchase of property, plant and equipment		**(29)**	(74)
Net cash used in investing activities		**(18)**	(74)
Financing activities			
Proceeds of issue of shares		**15**	47
Finance lease principal payments		**(23)**	(7)
Dividends paid	9	**(155)**	-
Net cash (outflow)/inflow from financing activities		**(163)**	40
Net increase in cash and cash equivalents		**1,503**	1,293
Cash and cash equivalents at beginning of the period		**2,248**	955
Cash and cash equivalents at end of the period	15	**3,751**	2,248

Notes to the financial statements
for the year ended 31 March 2018

1. Principal accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations), as adopted by the European Union (EU), issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

These financial statements have been prepared on a going concern basis.

These financial statements have been prepared on a historical cost basis and are presented in sterling, the functional currency of the Group.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment in value.

Depreciation is calculated as to write off the cost of assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Computer hardware	25-33
Fixtures and fittings	10-33
Motor vehicles	25-33

Intangible assets

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product so that it will be available for use or sale;
- adequate resources are available to complete the development;
- there is an intention to complete the product and use or sell it;
- it is able to be used or sold;
- the product will generate future economic benefits, internally and/or externally; and
- expenditure attributable to the development of the product can be measured reliably.

Intangible assets are stated at cost, net of accumulated amortisation and any impairment in value. The cost of internally developed software is the attributable salary costs and directly attributable overheads.

Amortisation is calculated so as to write off the cost of assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. Amortisation is charged to administration expenses in the statement of comprehensive income and expense. The principal annual rates used for this purpose are:

	%
Purchased computer software	25-33
Internally developed software	10-25

Impairment of non-financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount the asset is written down accordingly. Impairment is charged to administration expenses in the statements of comprehensive income and expense.

Trade and other receivables

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Amounts are charged to an impairment account when there is objective evidence that an impairment loss has occurred. Amounts are written off against the carrying amount of trade receivables when it is certain that the receivable will not be realised.

Cash

Cash in the statement of financial position comprises cash held on demand with banks. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash, as defined above, net of bank borrowings due on demand.

Trade and other payables

Trade and other payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Leases

Costs in respect of operating leases are charged to the statement of comprehensive income and expense on a straight line basis over the lease term.

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rate ruling on the date of the statement of financial position. Transactions in foreign currencies are recorded at the exchange rate ruling as at the date of the transaction. All differences on exchange are taken to the statement of comprehensive income and expense in the year in which they arise.

Revenue

Revenue, which excludes value added tax, represents the invoiced value of goods and services supplied: where a service has been provided, but not yet invoiced, the amount is included in the financial statements as accrued income.

Income from consultancy contracts, which are on a time hire basis, is recognised as the services are provided.

Income from maintenance and fixed price consultancy and development contracts, is recognised over the life of the contract, using the percentage of completion method, and is deferred to the extent that it has not been earned. Percentage completion is calculated as the total hours worked as at the statement of financial position date divided by the total expected hours to be worked to complete the project.

Taxation

The charge for taxation is based on the profit or loss for the year as adjusted for disallowable items. It is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Full provision is made for deferred tax on all temporary differences resulting from the difference between the carrying value of an asset or liability and its tax base, and on tax losses carried forward indefinitely. Deferred tax assets are recognised to the extent that it is probable that the deferred tax asset will be recovered in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Pension costs

Contributions to defined contribution plans are charged to the statements of comprehensive income and expense as the contributions accrue.

Share-based payments

Share-based incentive arrangements are provided to employees under the Group's share option scheme. Share options granted to employees are valued at the date of grant using an appropriate option pricing model and are charged to operating profit over the performance or vesting period of the scheme. The annual charge is modified to take account of shares forfeited by employees who leave during the performance or vesting period and, in the case of non-market related performance conditions, where it becomes unlikely the option will vest.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects the risks specific to the liability. Calculations of these provisions require judgements to be made. The Group has provided for property dilapidation and vacant property as detailed in note 18.

New standards and interpretations

The following standards, amendments and interpretations which have been issued but which are not yet mandatory, have not been adopted by the Group in these financial statements. On adoption, the Group will apply the new standards retrospectively.

IFRS 15 Revenue from Contract with Customers (effective for the Group from 1 April 2018)

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer, as well and requires such entities to provide users of financial statements with more informative, relevant disclosures.

The Group's revenue consists of time and materials work relating to the provision of consultancy services. An immaterial amount relates to fixed price support contracts. As such, on adopting the new standard the Group does not expect any changes to the financial statements regarding revenue recognition.

The new standard requires the following additional disclosures;

- disaggregation of revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors

- details of contract assets or liabilities at the end of the reporting period or changes in such balances

- information regarding any performance obligations remaining at the end of the reporting period

- details of judgments and changes in judgments used in determining the timing of satisfaction of performance obligations and the transaction price and the amounts allocated to performance obligations, and

- details relating to assets recognised from the costs to obtain or fulfil a contract with a customer.

Given the current nature of the Group's contracts with customers and revenue recognition policies, the Group does not expect to need to make specific additional disclosures other than presentational ones where information is currently presented elsewhere in the financial statements.

Amendments to IFRS 9 – Financial Instruments (effective for the Group from 1 April 2018)

Amendments to IFRS 9 introduce a new approach for recognising impairment losses in trade receivables which, when applied, may lead to earlier recognition of losses.

The Group has reviewed its trade receivables and considers that adoption of the amended standard would have no material impact on bad debt provisioning.

IFRS 16, Leases (effective for the Group from 1 April 2019)

IFRS 16 specifies how to measure, present and disclose leases. It requires that leases are recognised in the statement of financial position as assets and liabilities with exceptions where the underlying asset is of low value, or where the lease term is 12 months or less.

The asset is subsequently accounted for in accordance with the cost or revaluation model in IAS 16 Property, Plant and Equipment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The liability is unwound over the term of the lease, giving rise to an interest expense.

The effect of applying this standard as at 31 March 2018 would be to recognise operating lease assets with an approximate value of £1.3m, and lease payment liabilities with an approximate value of £1.1m.

This will result in an annual depreciation charge of approximately £0.3m.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax asset

A deferred tax asset of £323,000 (2017: £361,000) has been recognised in accordance with the accounting policy on page 37. A deferred tax asset of £450,000 (2017: £732,000) has not been recognised. In calculating the asset management makes estimates and judgments regarding the certainty and timing of future profits.

3. Financial risk management

The Group uses financial instruments that are necessary to facilitate its ordinary purchase and sale activities, namely cash, bank borrowings in the form of a receivables finance facility and trade payables and receivables: the resultant risks are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group does not use financial derivatives in its management of these risks.

The Board reviews and agrees policies for managing these risks and they are summarised below. These policies are consistent with last year.

3.1 Financial risk factors

Foreign exchange risk

There are a small number of routine trading contracts with both suppliers and clients in euros. In all such circumstances the “back to back” contracts with supplier and client will be in the same currency thereby mitigating the Group’s exposure to movements in exchange rates. Payments and receipts are made through a bank account in the currency of the contract therefore balances held in any foreign currency are to facilitate day to day transactions. With a functional currency of sterling there are the following foreign currency net assets:

Group and company	Note	**2018 £'000**	2017 £'000
Currency: Euros			
Net cash	15	**72**	37
Trade and other receivables	14	**21**	25
Trade and other payables	16	**(28)**	(27)
		65	35

Any change in currency rates would have no significant effect on results.

Interest rate risk

The Group’s interest rate risk arises from its borrowings, which are at a rate that fluctuates in relation to movements in bank base rate. This facility, as detailed in note 17, is secured by way of a debenture over all assets. At the year-end borrowing under this facility totalled £nil (2017: £nil).

Cash balances are held in short term interest bearing accounts, repayable on demand: these attract interest rates which fluctuate in relation to movements in bank base rate. This maintains liquidity and does not commit the Group to long term deposits at fixed rates of interest.

A 1% change in interest rates would have changed net income and equity by £1,000 (2017: £1,000).

Credit risk

The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering into contracts. Each new customer is assessed, using external ratings and relevant information in the public domain, before any credit limit is granted. In addition, trade receivables balances are monitored on a regular basis to minimise exposure to bad debts. From 1 April 2018, the Group will adopt amendments to *IFRS 9 Financial Instruments* whereby a new approach to measuring impairment of trade receivables is introduced. It is not considered that this will have any material impact on the amount charged to the income statement in respect of bad debts. The amount charged to the income statement during the year in respect of bad debts was £10,000 being 0.04% of revenue (2017: £69,000).

The Group is also exposed to credit risk from accrued income, being revenue earned but not yet invoiced (note 14).

Financial assets that are past due but not impaired are analysed in note 14. Each balance has been reviewed by management to assess its recoverability.

The Group also has credit risk from cash deposits with banks (note 15).

The Group's maximum exposure to credit risk is:

	Note	**2018 £'000**	2017 £'000
Trade and other receivables	14	**2,491**	4,048
Accrued income	14	**1,216**	757
Cash and cash equivalents	15	**3,751**	2,248
		7,458	7,053

Liquidity risk

The Group's liquidity risk arises from its management of working capital. The Group has a facility to borrow an amount up to 90% of approved trade debtors subject to a maximum limit of £2.5m. The facility may be terminated by either party with one month's written notice. The Board receives regular cash flow and working capital projections to enable it to monitor its available headroom under this facility. At the statement of financial positon date these projections indicated that the Group expected to have sufficient liquid resources to meet its reasonably expected obligations. Maturity of financial liabilities is set out in notes 16 and 17.

Capital risk management

The Group's capital comprises both borrowings and shareholders' equity. Its objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximise shareholder value. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or alter the level of borrowings.

3.2 Fair value estimation

The carrying value of financial assets and liabilities approximate their fair values.

4. Revenue

The Group operates solely in the UK. All material revenues are generated in the UK.

46% (2017: 53%) of revenue was generated in the public sector. The largest single customer contributed 28% of Group revenue (2017: 27%) and was in the public sector. Two customers contributed 14% and 10% of Group revenue (2017: three customers contributed 17%, 12% and 11% of Group revenue).

5. Profit from operations

	2018 **£'000**	2017 £'000
Profit from operations is stated after charging:		
Depreciation of owned assets	**62**	60
Amortisation of intangible assets	**4**	5
Profit on sale of fixed assets	**(11)**	-
Operating leases for land and buildings	**484**	489
Other operating leases	**28**	44
Impairment of receivables	**10**	69
Auditor remuneration:		
Audit of financial statements: Group and company	**56**	53
Other services	**-**	4
	---------	---------

6. Finance expense

	2018 £'000	2017 £'000
Bank interest payable	**3**	3
Other interest payable	**1**	1
Total interest expense	**4**	4
Unwinding of discount on provisions	**13**	27
Total finance expense	**17**	31

7. Employees and directors

Group and company	**2018 Number**	2017 Number
Average number of persons (including Directors) employed		
Senior management	**8**	7
Fee earners	**28**	27
Sales	**16**	13
Administration and finance	**6**	8
	58	55

Staff costs for the above persons (including Directors)	**2018 £'000**	2017 £'000
Wages and salaries	**3,475**	3,291
Social security costs	**416**	381
Defined contribution pension costs	**335**	320
Equity settled share-based payments	**2**	2
	4,228	3,994

Directors	**2018 £'000**	2017 £'000
Emoluments	**452**	299
Money purchase pension contributions	**28**	27
Total remuneration	**480**	326
Social security costs	**60**	35
	540	361

Two Directors (2017: two) had retirement benefits accruing under money purchase pension schemes. The Directors are considered key management personnel.

8. Tax charge/credit

	2018 £'000	2017 £'000
Current tax		
Current tax on profits for the year	**-**	-
Research and development tax credit relating to earlier period	**-**	(2)
Deferred tax		
Decrease/(increase) in recognised deferred tax asset	**38**	(11)
Total tax charge/(credit) for the year	**38**	(13)

The differences between the actual tax charge/(credit) for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2018 £'000	2017 £'000
Profit before tax	**1,662**	1,521
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	**316**	304
Research and development tax credit relating to earlier period	**-**	(2)
Expenses not deductible for tax purposes	**(12)**	8
Recognition of previously unrecognised deferred tax on losses	**(266)**	(323)
Tax charge/(credit) for the year	**38**	(13)

	2018 £'000	2017 £'000
Deferred tax asset		
The movement in deferred tax is as follows:		
At beginning of the year	**361**	350
Utilisation against taxable profits	**(304)**	(312)
Recognition of previously unrecognised deferred tax on losses	**276**	342
(Decrease)/increase in relation to timing differences	**(10)**	(15)
Rate change	**-**	(4)
At end of the year	**323**	361

Deferred tax assets have been recognised in respect of tax losses where the Directors believe it is probable that the assets will be recovered. A deferred tax asset amounting to £450,000 (2017: £732,000) has not been recognised in respect of trading losses, which can be carried forward indefinitely.

9. Dividends

	2018 £'000	2017 £'000
Interim dividend for the year ended 31 March 2018 – 0.5p per share	**78**	-
Final dividend for the year ended 31 March 2017 – 0.5p per share	**77**	-
Total dividend paid	**155**	-

In addition, the Directors are proposing a final dividend on equity shares of 1p per share (2017: 0.5p). This dividend has not been accrued in the statements of financial position.

Subject to shareholder approval at the Annual General Meeting, the Company will pay the proposed dividend on 14 September 2018 to all shareholders on the register of members of the Company at the close of business on 24 August 2018 (the "Record Date").

10. Earnings per ordinary share

Earnings per share have been calculated on the profit for the year divided by the weighted average number of shares in issue during the period based on the following:

	2018	2017
Profit for the year	**£1,624,000**	£1,534,000
Average number of shares in issue	**15,541,786**	15,219,826
Effect of dilutive options	**669,503**	848,437
Average number of shares in issue plus dilutive options	**16,211,289**	16,068,263
Basic earnings per share	**10.45p**	10.08p
Diluted earnings per share	**10.02p**	9.55p

11. Intangible assets

Group and company	Purchased software £'000	Internally developed software £'000	Total £'000
Cost			
At 31 March 2016	272	1,110	1,382
Additions	-	-	-
At 31 March 2017	272	1,110	1,382
Additions	-	-	-
At 31 March 2018	**272**	**1,110**	**1,382**
Accumulated amortisation/impairment			
At 31 March 2016	259	1,110	1,369
Charge for the year	5	-	5
At 31 March 2017	264	1,110	1,374
Charge for the year	4	-	4
At 31 March 2018	**268**	**1,110**	**1,378**
Net book value			
At 31 March 2018	**4**	**-**	**4**
At 31 March 2017	8	-	8

12. Property, plant and equipment

Group and company	Computer hardware	Fixtures & fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 March 2016	331	719	42	1,092
Additions	39	35	-	74
At 31 March 2017	370	754	42	1,166
Additions	13	16	35	64
Disposals	(210)	(4)	(38)	(252)
At 31 March 2018	**173**	**766**	**39**	**978**
Accumulated depreciation				
At 31 March 2016	277	665	30	972
Charge for the year	28	22	10	60
At 31 March 2017	305	687	40	1,032
Charge for the year	29	26	7	62
Disposals	(210)	(4)	(38)	(252)
At 31 March 2018	**124**	**709**	**9**	**842**
Net book value				
At 31 March 2018	**49**	**57**	**30**	**136**
At 31 March 2017	65	67	2	134

The net carrying amount of property, plant and equipment includes £30,000 (2017: £2,000) in respect of assets held under finance leases.

13. Investments

Company

Investments are:

(a) Generic Software Consultants Limited ("Generic"), a 100% subsidiary undertaking, in respect of both voting rights and issued shares, which is registered in England and Wales and has an issued share capital of 5,610 US$1 ordinary shares. The investment is stated in the Company's books at £440.

Up to 31 March 2009 Generic acted as an agent for the business, but did not enter into any transactions in its own right: its business was included within the figures reported by the Company. On 1 April 2009 the agency agreement was terminated and all business is now conducted directly by the parent company through its Generic business.

(b) Triad Special Systems Limited, Generic Online Limited, Zubed Geospatial Limited, Zubed Sales Limited, are all 100% subsidiaries which are registered in England and Wales. They are dormant companies, which have never traded. Each has a share capital of £1.

The registered office of Triad Special Systems is Huxley House, Weyside Park, Catteshall Lane, Godalming, Surrey GU7 1XE. The registered office of the other subsidiaries is 37 Sunningdale House, Caldecotte Lake Drive, Caldecotte, Milton Keynes MK7 8LF.

14. Trade and other receivables

Group and company	**2018** **£'000**	2017 £'000
Trade receivables	**2,536**	4,081
Less: provision for impairment of trade receivables	**(45)**	(33)
Trade receivables-net	**2,491**	4,048
Accrued income	**1,216**	757
Trade and other receivables	**3,707**	4,805
Prepayments	**278**	246
	3,985	5,051

The fair value of trade and other receivables approximates closely to their book value.

Trade receivables are normally on 30 days payment terms. As at 31 March 2018 trade receivables of £583,000 (2017: £1,011,000) were past due but not impaired. They relate to customers with no default history. The total number of customer ledger balances at 31 March 2018 was 61 (2017: 51). The ageing analysis of these receivables is as follows:

Group and company	**2018**	2017
	£'000	£'000
Up to 30 days past due	**221**	722
30 to 60 days past due	**236**	136
Over 60 days past due	**126**	153
	583	1,011

Movements on the provision for impairment of trade receivables is as follows:

Group and company	**2018**	2017
	£'000	£'000
At beginning of the year	**33**	18
Charged to income statement	**20**	67
Credited to income statement	**(8)**	-
Written off during the year	**-**	(52)
At end of the year	**45**	33

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

Group and company	**2018**	2017
	£'000	£'000
Sterling	**3,686**	4,780
Euros	**21**	25
	3,707	4,805

15. Cash and cash equivalents

Group and company	**2018**	2017
	£'000	£'000
Cash available on demand	**3,751**	2,248

The fair value of cash and cash equivalents approximates closely to their book value.

The carrying amount of the Group’s cash and cash equivalents is denominated in the following currencies:

Group and company	2018 £'000	2017 £'000
Sterling	**3,679**	2,211
Euros	**72**	37
	3,751	2,248

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash, as detailed above, net of bank borrowings repayable on demand.

16. Trade and other payables

	Group		Company	
	2018 £’000	2017 £’000	**2018 £’000**	2017 £’000
Trade payables	**2,131**	2,568	**2,131**	2,568
Accruals	**398**	652	**398**	652
Owed to subsidiary	**-**	-	**5**	5
	2,529	3,220	**2,534**	3,225
Deferred income	**25**	82	**25**	82
Other taxation and social security	**341**	400	**341**	400
	2,895	3,702	**2,900**	3,707

The maturity date of trade and other payables is as follows:

	Group		Company	
	2018 £’000	2017 £’000	**2018 £’000**	2017 £’000
Up to 3 months	**2,420**	2,698	**2,425**	2,703
3 to 6 months	**33**	151	**33**	151
6 to 12 months	**76**	371	**76**	371
	2,529	3,220	**2,534**	3,225

The fair value of trade and other payables approximates closely to their book value.

The carrying amount of trade and other payables is denominated in the following currencies:

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Sterling	**2,501**	3,193	**2,506**	3,198
Euros	**28**	27	**28**	27
	2,529	3,220	**2,534**	3,225

17. Financial liabilities

Group and company	**2018**	2017
	£'000	£'000
Current		
Finance lease obligations	**3**	11
Non-current		
Finance lease obligations	**20**	-

The fair value of bank borrowings approximates closely to their book value.

The carrying amount of the Group's financial liabilities is all denominated in sterling.

Bank borrowings are in the form of a receivables finance facility to borrow an amount up to 90% of approved trade debtors subject to a maximum limit of £2.5m. This facility is secured by way of a debenture over all the assets of the Group. Bank borrowings are repayable upon demand. The balance at the year end was £nil (2017: £nil).

The receivables finance facility is included as part of cash and cash equivalents for the purpose of the cash flow statement as it forms an integral part of the Group's cash management.

18. Provisions

Group and company	Provision for vacant properties	Provision for property dilapidation	Other provision	**Total**
	£'000	£'000	£'000	**£'000**
At 1 April 2017	240	95	115	**450**
Charged to income statement	-	11	-	**11**
Utilised in year	(253)	-	(65)	**(318)**
Unwinding of discount: passage of time (note 6)	13	-	-	**13**
At 31 March 2018	-	106	50	**156**

The maturity profile of the present value of provisions is as follows:

Group and company	Provision for property dilapidation	Other provision	**Total**
	£'000	£'000	**£'000**
Current	49	50	**99**
Non-current	57	-	**57**
	106	50	**156**

The provision for property dilapidation covers the estimated future costs required to meet obligations under property leases to redecorate and repair property.

19. Share capital

	2018	2017
Ordinary shares of 1p each		
Issued, called up and fully paid:		
Number	**15,613,979**	15,489,579
Nominal value	**£156,140**	£154,896

During the year 124,400 1p ordinary shares were issued as a result of the exercise by employees of share options:

Number	Option price	Increase in share capital	Increase in share premium
27,000	14.0p	£270	£3,510
57,400	13.5p	£574	£7,175
40,000	11.0p	£400	£4,000
124,400		**£1,244**	**£14,685**

20. Share-based payments

At 31 March 2018, 1,413,600 options granted under employee share option schemes remain outstanding:

Date option granted	Number	Exercise price	Period options exercisable
7 August 2008	51,000	14.0p	7 August 2011 to 7 August 2018
23 September 2011	362,600	13.5p	23 September 2014 to 23 September 2021
18 September 2014	340,000	11.0p	18 September 2017 to 18 September 2024
9 March 2018	660,000	53.5p	9 March 2021 to 9 March 2028

Under the terms of the scheme, options vest after a period of three years continued employment and are subject to the following performance conditions:

For options granted on 9 March 2018: 100% of the shares granted under an Option will vest if the Company's share price at 31 March 2021 has increased by 30% or more from the share price as at the date of grant. 50% of shares granted under an Option will vest if the Company's share price at 31 March 2021 has increased by 15% from the share price as at the date of grant. Between these upper and lower thresholds, awards vest on a straight line basis.

For all other options: In any financial year commencing at least one year after the date of grant, the Company shall have achieved a positive basic earnings per share (subject to adjustment to exclude identified exceptional items), as reported in its audited annual accounts.

Options have been valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations.

There were 660,000 options granted during the year (2017: nil).

In respect of the options granted during the year, the fair value per option granted and the assumptions used in the calculation were as follows:

Date of grant:	9 March 2018
Number of options granted:	660,000
Weighted average share price:	53.5p
Weighted average exercise price:	53.5p
Expected volatility:	35%
Expected life:	4 years
Risk free rate:	1.4%
Expected dividends:	0
Fair value	15.76p

The expected volatility is based on historic volatility over the last year. The expected life is the expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

The total expense recognised in the year is £1,878 (2017: £2,000).

A reconciliation of option movements over the year to 31 March 2018 is shown below:

	2018		2017	
	Number of options	**Weighted average exercise price Pence**	Number of options	Weighted average exercise price Pence
Outstanding at start of year	**878,000**	**12.5**	1,268,000	12.8
Granted	**660,000**	**53.5**	-	-
Exercised	**(124,400)**	**12.8**	(340,000)	13.6
Forfeited	**-**		(50,000)	12.6
Lapsed	**-**	**-**	-	-
Outstanding at end of year	**1,413,600**	**31.6**	878,000	12.5
Exercisable at end of year	**753,600**	**12.4**	498,000	13.6

There were 124,400 options exercised during the year. The above figures include options held by Directors which are set out in the Directors' Remuneration Report on page 19.

The weighted average share price at the date of exercise for share options exercised during the period was 63.5p. The options outstanding as at 31 March 2018 had an exercise price of 12.5p or 53.5p and a weighted average remaining contractual life of 7.1 years (2017: 5.5 years).

21. Commitments

The Group and Company had capital commitments totalling £nil at 31 March 2018 (31 March 2017: £nil).

The future aggregate minimum lease payments under non-cancellable operating leases are:

	2018	2017
	£'000	£'000
Not later than 1 year	**336**	518
Later than 1 year and no later than 5 years	**926**	164
	1,262	682

22. Related party transactions

The Group and Company rents one of its offices under a lease expiring in 2028, with a break clause in 2023. The current annual rent of £215,000 was fixed, by independent valuation, at the last rent review in 2008. JC Rigg, a Director, has notified the Board that he has a 50% beneficial interest in this contract. The balance owed at the year end was £nil (2017: £nil).

Five year record

Consolidated income statement

Years ended 31 March	**2018**	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Revenue	**27,819**	30,912	28,317	23,482	19,702
Gross profit	**4,724**	5,000	4,236	3,325	2,863
Profit before tax	**1,662**	1,521	863	352	11
Tax charge/credit	**(38)**	13	350	-	-
Profit after tax	**1,624**	1,534	1,213	352	11
Retained profit for the financial year	**1,624**	1,534	1,213	352	11
Basic earnings per share (pence)	**10.45**	10.08	8.01	2.32	0.07

Balance sheet

As at 31 March	**2018**	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Non-current assets	**463**	503	483	236	210
Current assets	**7,736**	7,299	5,638	4,401	3,544
Current liabilities	**(2,997)**	(4,118)	(3,757)	(3,387)	(2,705)
Non-current liabilities	**(77)**	(45)	(308)	(411)	(570)
Net assets	**5,125**	3,639	2,056	839	479
Share capital	**156**	155	151	151	151
Share premium account	**619**	605	562	562	562
Capital redemption reserve	**104**	104	104	104	104
Retained earnings	**4,246**	2,775	1,239	22	(338)
Equity shareholders' funds	**5,125**	3,639	2,056	839	479

Shareholders' information and financial calendar

Share register

Equiniti maintain the register of members of the Company. If you have any questions about your personal holding of the Company's shares, please contact:

Equiniti
PO Box 4630
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6QQ

Telephone: 0870 6015366

If you change your name or address or if the details on the envelope enclosing the report, including your postcode, are incorrect or incomplete, please notify the registrar in writing.

Shareholders' enquiries

If you have an enquiry about the Group's business, or about something affecting you as a shareholder (other than queries that are dealt with by the registrar) you should contact the Company Secretary, by letter or telephone at the Company's registered office.

Company Secretary and registered office:

Nick Burrows
Triad Group Plc
Weyside Park
Catteshall Lane
Godalming
Surrey
GU7 1XE

Telephone: 01908 278450
Email: investors@triad.co.uk
Website: www.triad.co.uk

Financial calendar

Annual General Meeting	5 September 2018
Final dividend: payment date	14 September 2018
Final dividend: record date	24 August 2018
Financial year ended 31 March 2019: expected announcement of results	
Half year	November 2018
Full year	June 2019

Corporate information

Executive Directors

John Rigg, Chairman
Adrian Leer, Managing Director
Nick Burrows, Finance Director

Non-executive Directors

Alistair Fulton
Steven Sanderson
Chris Duckworth

Secretary and registered office

Nick Burrows
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Telephone: 01908 278450
Email: investors@triad.co.uk
Website: www.triad.co.uk

Country of incorporation and domicile of parent company

United Kingdom

Legal form

Public limited company

Company number

2285049

Registered Auditor

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Brokers

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Solicitors

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