Triad Group Plc
Annual Report and Accounts

20132014

Triad Group Plc

Annual report for the year ended 31 March 2014

TABLE OF CONTENTS

Financial highlights

- Revenue for the year ended 31 March 2014: £19.7m (2013: £18.9m)
- Profit from operations before exceptional items: £0.13m (2013: £0.03m loss)
- Profit from operations after exceptional items: £0.13m (2013: £0.14m profit)
- Earnings before interest, tax, depreciation and amortisation (EBITDA): £0.2m (2013: £0.2m).
- Profit after tax: £0.01m (2013: £0.03m)
- Gross profit as a percentage of revenue: 14.5% (2013: 14.3%)

Chairman's statement

Dr John Rigg, Executive Chairman

The Group's results for the financial year ended 31 March 2014 constitute a solid performance, with the second half of the year significantly stronger than the first. Our key performance indicators show improvement versus last year, with gross profit and the gross profit percentage improving on an increased revenue base.

The Group has now successfully integrated its service offering across Consulting & Solutions and Resourcing, enabling clients to access the full spectrum of Triad's capability more easily and efficiently. This has generated particular benefits via the Government's G-cloud framework, including significant orders from The Ministry of Justice and The Home Office in addition to a number of contracts with other departments and agencies. Beyond Government, clients in the commercial sector are also benefiting from our integrated service.

Resourcing

Our Resourcing business has reversed its decline in revenues despite continued pressure on margins. Volume growth was achieved in key accounts without sacrificing margin. We continue to perform well as a Tier 1 supplier to several major organisations in the banking, online learning and technology services sectors, with contractor numbers at their highest for several years.

During the year we discontinued the operation of a dedicated permanent staffing team in favour of a "dual desk" role, enabling more consultants to focus on both non-permanent and permanent recruitment activities which has also improved customer experience.

New client acquisition remained a priority during the year, with notable successes in Government departments using G-cloud to procure services. Triad was awarded a contract by The Home Office to supply a number of Agile development specialists.

The business also gained entry to the inaugural Government Digital Services Framework, from which we expect momentum to build during the new financial year.

Demand is high in key areas such as Agile development, open source systems, and mobility with opportunities across all sectors, particularly in Government. Other sectors, such as Insurance, also show signs of increased activity and we are poised to exploit this in the new financial year.

Consulting & Solutions

The Consulting & Solutions business produced a much-improved second half following a disappointing first quarter that was impacted by low consultant utilisation levels.

Utilisation was consistently high in the second half of the financial year, further to a range of wins across the Government and Commercial sectors. Utilisation among the senior fee earners was particularly strong. This has contributed to an improved gross profit for the segment.

As well as the improvement in consultant utilisation, average fees per consultant day have increased. This reflects the value attached by our clients to the experience and expertise offered by our consultants, many of whom are long-serving employees of the company.

Deal size and duration have improved compared with prior years, reducing the productivity loss associated with smaller, shorter duration projects.

Work in Government has included IT Strategy and Architecture consultancy, Agile coaching, Agile development, mobility strategy development and delivery of collaborative communications platforms. Triad was successful in bidding for a 13 month Agile Development and Consultancy engagement at Ministry of Justice.

A number of consultants have been engaged on work elsewhere in Government via arrangements with our partner organisations.

The Government's Digital Services agenda is having a significant impact on the way Government ICT is procured. Our track record, our SME status (Small to Medium Size Enterprise) and the fact that our service proposition aligns perfectly with the GDS agenda means that we are well placed to exploit more of these opportunities.

In the non-Government sector, the business delivered a range of consultancy assignments with a particular emphasis on general ICT strategy. Strategy work included planning for one of the UK's largest visitor attraction groups. This model has proved effective in opening up further opportunities, including software development which, in turn, have improved our repeat business ratio.

Notable software projects have included the development of a mobile portal for driving instructors at one of the UK's largest driving schools and the delivery of a global platform for project managers within a leading automotive consultancy.

Our Insights practice has continued to create value for clients using a portfolio of techniques for unlocking critical business information. Our geospatial capability combined with our business intelligence expertise is providing an invaluable extra dimension to our consultancy and software development capabilities.

In contrast to the start of the year when a number of key contracts drew to a close, most have remained in place at the commencement of the new financial year, shielding the business from the utilisation issues we experienced in first quarter.

Employees

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

J. G. Rigg

John Rigg

Chairman
19 June 2014

Organisation overview

Triad Group Plc is engaged in the provision of IT resourcing, consultancy and solutions services to the public and private sectors. The Group consists of two operating segments, Triad Resourcing and Triad Consulting and Solutions.

Principal objectives

The principal objectives of the Company 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

- We continue to develop synergies across the Group both externally and internally, driving better outcomes for clients whilst improving efficiency and effectiveness. The management team sets group-wide objectives to ensure that these synergies are exploited whilst ensuring also that the potential within each segment is maximised.
- 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. Our Resourcing business offers rapid, scalable capacity and skills to our Consulting business as demand dictates. Our Consulting business offers expertise and experience to our Resourcing business as increasingly complex technical requirements emerge from our clients.

To increase profitability through improved gross margin in the Resourcing business and utilisation/ headcount in the Consulting business

- 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 areas of IT resourcing (both contract and permanent), and the provision of IT consultancy and solutions services, including location intelligence services. The Group consists of two operating segments, Triad Resourcing and Triad Consulting and Solutions, both operating in the United Kingdom from offices in Milton Keynes and Godalming.

The contract resourcing business earns fees from the provision of independent contractors on a time hire basis to clients. Contractors are paid on the same basis at a lower rate. The difference in client and contractor fee rates generates gross profit.

The permanent resourcing business sources and selects candidates for permanent positions with clients. A fee is earned from our client when they successfully recruit a candidate.

The consultancy and solutions business earns fees from charging the time of its employees to clients or delivering projects to clients. In addition some income is earned from licencing software that we have developed.

Principal risks and uncertainties

As with any business in the UK IT services market the Group faces a number of principal risks and uncertainties.

These are summarised as follows;

IT services market

The demand for IT services is affected by UK market conditions. For example, the election in 2015 will generate some uncertainty in public sector expenditure which could impact utilisation. The continual development of the Group's business into new niches and sectors is important in protecting the Group from fluctuations in market conditions.

Revenue visibility

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

Offshore competition

Offshore IT service companies, particularly those located in Asia and Eastern Europe, continue to exert downward pressure on fee rates. The Group continues to develop niche markets and focus on delivering effective solutions where close collaboration with the client is required.

Availability of staff

The ability to recruit and retain staff, and access to a large, appropriately skilled contractor resource are key to ensuring the ability to win and deliver IT services to our clients. The Group continues actively to recruit quality individuals, and ensures the contractor database is constantly updated and expanded.

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, gross margin, net borrowings and headcount. Financial KPIs are discussed in more detail in the Financial Review below.

The KPIs are as follows;

	2014	2013
Revenue	**£19,702,000**	£18,880,000
Profit/(loss) from operations (before exceptional items)	**£125,000**	(£25,000)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**£200,000**	£213,000
Gross margin	**14.5%**	14.3%
Net cash and cash equivalents at 31 March	**£4,000**	£283,000
Average headcount	**57**	65

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 sex, 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, who are critical to its future success. The Group promotes the involvement of its employees in understanding the aims and performance of the business.

The following table shows the number of persons, by gender, who at 31 March 2014 were directors, senior managers or employees of the Company.

	Male	Female	Total
Directors	4	-	4
Senior managers	2	1	3
Employees	44	9	53
	50	**10**	**60**

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 2013 to 31 March 2014 in tonnes of carbon dioxide equivalents (tCO2e) is shown in the table below.

Emission source:	tCO2e*
Combustion of fuel	41
Electricity and heat purchased for own use	86
Total	**127**
tCO2e per £1m revenue	6.4

*The calculation of tCO2e for each source has been prepared in accordance with DEFRA guidelines for GHG reporting.

Financial review

Group performance

The Group's performance for the financial year ended 31 March 2014, has shown steady improvement over the year.

Group revenue has increased to £19.7m (2013: £18.9m) as a result of an increase in revenues in the resourcing business.

The Group reports an increase in profit from operations before exceptional items to £0.13m (2013: £0.03m loss). Earnings before interest, tax, depreciation and amortisation (EBITDA) is unchanged at £0.2m (2013: £0.2m). The Group reports a profit after tax of £0.01m (2013: £0.03m).

Gross margin has increased to 14.5% (2012: 14.3%) as a result of improved utilisation in the consulting business during the year. Margins remain under pressure in the resourcing business.

Cash and cash equivalents at the year-end are £4,000 (2013: £283,000). Cash management and credit control continue to be tightly managed.

Operating segments

The Group presents its results across two segments, Resourcing and Consulting & Solutions.

Revenue for the financial year to 31 March 2014 in the Resourcing business has increased to £17.0m (2013: £16.0m). This has come primarily from volume growth in long standing key accounts. The segment reports a profit from operations of £0.3m (2013: £0.4m profit). The decrease in operating profit is as a result of continued pressure on gross margins.

Revenue in the Consulting & Solutions segment has decreased to £2.7m (2013: £2.9m). Reported revenue for the segment includes amounts attributable to subcontractors where partner organisations have been used to provide specialist services. The amount paid to subcontractors in the year ended 31 March 2014 has fallen substantially from the previous year meaning that the revenue earned by Triad staff has actually increased this year. This is as a direct result of implementation of our strategy to improve consultant utilisation and increase charge out rates.

The segment reports a reduced loss from operations before exceptional items of £0.2m (2013: £0.4m loss). The majority of this loss was generated in the first half of the financial year following a slow first quarter.

Overheads

Excluding exceptional items, administrative expenses for the year are unchanged at £2.7m (see note 5).

Staff costs have reduced by 8.0% to £3.4m (2013: £3.6m). This is broadly in line with the reduction in average headcount for the year to 57 (2013: 65).

Exceptional Items

There are no exceptional items for the year ended 31 March 2014. An exceptional credit of £0.16m was recognised in the previous year in respect of a reduction in the vacant property provision as a result of an agreement with the landlords for a one year rent holiday which commenced on 25 June 2013. See note 5.

Cash flows

Cash and cash equivalents at 31 March 2014 stood at £4,000 (2013: £283,000). There was a net cash outflow from operating activities of £279,000 (2013: £780,000 inflow). The primary reason for this movement is fluctuations in the levels of cash received from clients at the year end. The net cash outflow from investing activities was £14,000 (2013: £15,000).

Intangible assets

Amortisation relating to the internally developed software, Zubed was £0.03m (2013: £0.03m). There were no development costs capitalised during the year (2013: £nil).

Unclaimed dividends

During the year, unclaimed dividends totalling £58,000 (2013: £nil) were repaid to the Company in accordance with the Company's Articles of Association.

Net assets

The net asset position of the Group at 31 March 2014 was £479,000 (2013: £398,000). The increase over the year was due to the profit for the year and the repayment of unclaimed dividends detailed above.

Share options

There were no options granted during the year. An expense of £12,000 has been recognised in the year relating to options granted in September 2011.

Outlook

As we move towards the end of the first quarter of the new financial year we look to build on the momentum gained in the second half of the reporting year. Key to this will be increasing the number of fee earners in the Consultancy Business whilst maintaining healthy utilisation levels. As important will be growing the Resourcing Business through the strengthening of the client base and delivery of a targeted improvement in gross margin. Whilst the signs of economic recovery are encouraging, the Board remains cautiously optimistic.

By order of the Board

NE Burrows
Finance Director
19 June 2014

The Directors present their Annual Report on the activities of the Group, together with the financial statements for the year ended 31 March 2014 and the Board confirms that these, taken as a whole, are fair, balanced and understandable 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 principal subsidiary undertakings are disclosed in the notes to the financial statements.

Share capital and substantial shareholdings

Share capital

As at 31 March 2014, 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 20 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
- The Listing Rules of the Financial Conduct Authority 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

In addition to the disclosure on page 17 of the interests of Directors who held office at the end of the financial year, the Company has been notified of the following holdings of 3% or more of the share capital of the Company at 31 March 2014 and 1 June 2014:

	Percentage of issued share capital
M Makar	29.76%
Liontrust Investment Services Ltd	10.37%
The Chatham Trust	4.79%

Dividends

The Directors have neither declared an interim dividend nor do they recommend that a final dividend be paid in respect of the year ended 31 March 2014 (2013: nil per 1p ordinary share).

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 23 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 auditors

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 auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are 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 18 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 18 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 reasonably 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.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

BDO LLP have indicated their willingness to continue in office. Accordingly, a resolution to reappoint BDO LLP as auditors 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, due to its strategic importance.

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 Director's 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

NE Burrows

Company Secretary
19 June 2014

The Board has considered the principles and provisions of the UK Corporate Governance Code 2012 ("the Code") as set out in the Listing Rules of the UK Listing Authority and 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

Nick Burrows, Group Finance Director

Independent non-executive Directors

Alistair Fulton, senior independent non-executive Director

Steven Sanderson

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.

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. He is currently a director of Enabled City Ltd and HBU World Ltd.

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.

Nick Burrows 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.

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. He has long standing industry experience. He is also free from any business or other relationship which could materially interfere with the exercise of his independent judgement. The Board benefits from this experience and independence, when he brings his individual judgement to Board decisions. He has been a non-executive Director for twelve years but the Board consider that he continues 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 2014 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	1
Number of meetings attended			
Executive Directors:			
John Rigg (Chairman)	12	2	1
Nick Burrows	12	n/a	n/a
Non-executive Directors:			
Alistair Fulton	12	2	1
Steven Sanderson	11	2	1

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 20 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 external auditors, 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 consultancy and development projects active at the end of the financial year, and software licence revenues earned during the year, to ensure revenue has been recognised correctly.

Onerous lease provision: The Committee has reviewed the cash flows and discount rate used in the calculation of the vacant property provision.

Intangible asset valuation: The Committee has reviewed the calculations and assumptions used in the calculation of the carrying value of the Zubed intangible asset.

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 auditors and senior finance team

The Audit Committee met with the auditors 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 auditors 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.

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 APB Ethical Standards on Auditing. The external auditors themselves have 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 auditors are required to rotate audit partners responsible for the Group audit every five years.

Non-audit fees

The Committee reviews all non-audit work to ensure it is appropriate and the fees justified. In relation to the non-audit services provided by BDO LLP during the year, the Committee reviewed and approved management's reasons for selecting BDO LLP as the best placed adviser on a case-by-case basis. This decision was typically based on the merit of using BDO's existing knowledge of the Group.

Appointment of external auditor

BDO LLP was appointed external auditor in 2006 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.

The Committee has considered the level of non-audit fees and the nature of non-audit services provided and is satisfied that auditor independence has been maintained.

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 above controls, and in light of the size of the Group. The Group is certified to ISO 9001: 2008.

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 Internal Control: Revised Guidance for Directors on the Combined Code. 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 14.

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.* Triad's former Chief Executive, Ian Haynes, resigned as a director on 19 November 2010. There are currently no plans to recruit a replacement, given the need to minimise costs in the current environment. Moreover, the duties are being satisfactorily covered by members of the Executive Board and the Group's senior management. John Rigg is the Executive Chairman.

B2.1/2.4 *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

NE Burrows

Company Secretary
19 June 2014

On the following pages we set out the Remuneration Report for the year ended 31 March 2014. The members of the Remuneration Committee are shown in the Corporate Governance Report on page 10.

This report has been prepared in accordance with the Companies Act 2006 and the new requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and is split into two sections as follows;

1. The Directors’ remuneration policy. This will be subject to a binding shareholder vote at this years’ Annual General Meeting.
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 Committee presents the Directors’ Remuneration Policy Report which will be put to shareholders at this year’s Annual General meeting. It is the current intention of the Remuneration Committee that the remuneration policy will stay in force for three years from the date approval of the policy at the next Annual General Meeting.

The remuneration policy is consistent with that disclosed in the Annual Report and Accounts for the year ended 31 March 2013 which was approved at the Annual General Meeting of the Company on 12 August 2013, and will continue to apply up to the date of the next annual general meeting. A copy of the 2013 Annual Report can be found at www.triadgroup.plc.uk

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	19/10/2009	6 months

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. In common with the fact that there were no general pay increases for employees elsewhere in the Group, no increases were made in the period to Directors' remuneration terms since the prior year. 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 almost unanimous vote in favour of the approval of the Directors' Remuneration Report at the Annual General Meeting in August 2013.

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:

Director	Basic salary and fees	Benefits in kind	Pension	**2014 Total**	2013 Total
	£'000	£'000	£'000	**£'000**	£'000
Executive					
J C Rigg	25	-	-	**25**	25
N E Burrows	89	11	16	**116**	116
Non-executive					
A M Fulton	25	-	-	**25**	25
S M Sanderson	20	-	-	**20**	20

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

No performance measures or targets were in place for either the year ended 31 March 2014, or any prior financial year, upon which any variable pay elements could become payable during the year.

One Director is a member of a money purchase scheme into which the Group made contributions during the year. The contributions paid by the Group in respect of this Director is as follows:

	2014	2013
	£'000	£'000
N E Burrows	**16**	16

The pension contribution for NE Burrows is greater than the 5% of salary shown as it includes an additional amount of £10,000 relating to the Group's salary exchange scheme. This reflects a sacrifice from his salary plus the resulting National Insurance saving for the company (13.8% of the sum sacrificed).

Details of share options awarded to Directors in the year

There were no share options awarded to the executive Directors 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 2013	**31 March 2014**
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	7,893	**7,893**

Directors' share options

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

	At beginning of year	Granted during year	Lapsed during year	At end of year	Exercise price	Exercise period
N E Burrows :						
granted 07.03.06	20,000	-	-	20,000	51.5p	07.03.09 to 07.03.16
granted 07.08.08	25,000	-	-	25,000	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
	145,000	**-**	**-**	**145,000**		

45,000 share options were exercisable at the end of the year (2013: 45,000)

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

- The performance requirement in relation to the options granted in, 2006 and 2011 is that the Group shall have achieved positive earnings per share in any financial year commencing at least one year after the date of grant of the option. This performance requirement is the same as that applying to employee share options granted at the same time.
- The performance requirement in relation to the options granted in 2008 is that if, but only if, the total Earnings per Share of the Group in the period of the three years ending 31 March 2011 exceeds 9.5p per share, and the amount of Earnings per Share for each of those years is a positive amount, then an Option shall become exercisable in respect of 50% of the shares over which it subsists. If, but only if, the total Earnings per Share of the Group in the period of three years ending 31 March 2011 exceeds 19p per share, and the amount of Earnings per Share for each of those years is a positive amount, then an Option shall become exercisable in respect of 100% of the shares over which it subsists.

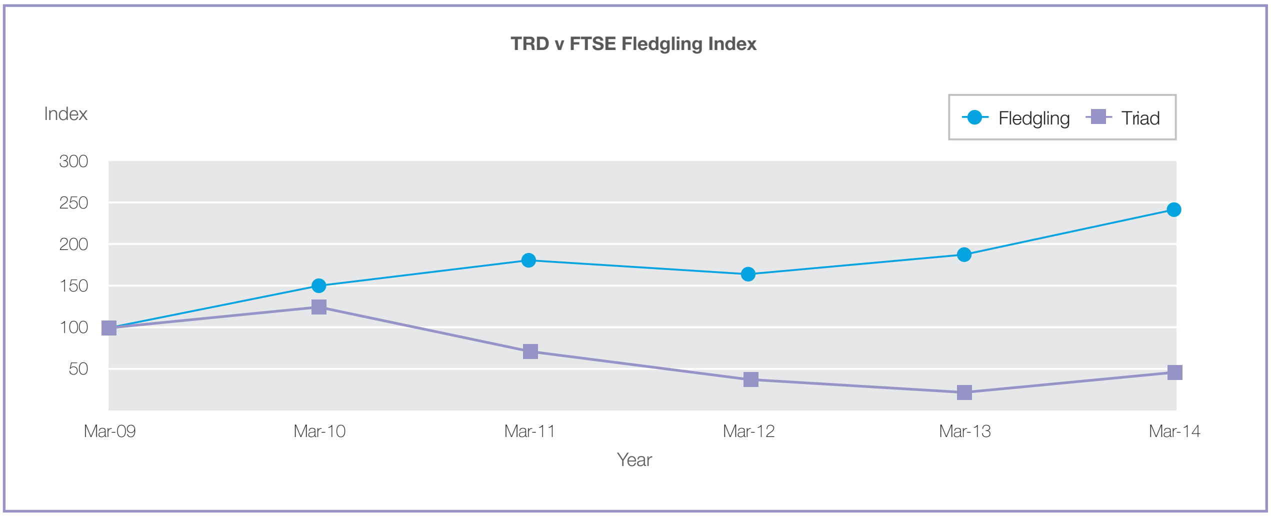
The total share based payment expense recognised in the year in respect of Directors' share options is £1,556 (2013: £1,556).

The market price of the Company's shares was 10.75p at 31 March 2014 and the range during the year was between 5.50p and 15.25p.

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

There have been no changes to the remuneration of the Chief Executive during the year.

Relative importance of spend on pay

During the year there were no dividends or other cash distributions to shareholders (2013: £nil). The total employee remuneration (including directors) during the year was £3.039m (2013: £3.306m).

Consideration of matters related to directors remuneration

During the year there were no meetings held relating to directors' remuneration other than to review the remuneration policy for inclusion in the 2013 Annual Report and Accounts.

Statement of voting at last general meeting

At the last annual general meeting 99.9% of the votes cast were in favour of approving the Directors' Remuneration Report with 0.1% voting against. There were no votes withheld.

Alistair Fulton

Chairman, Remuneration Committee
19 June 2014

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (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 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.

The financial statements of Triad Group Plc for the year ended 31 March 2014 comprise:

- The Group and Parent Company statement of comprehensive income and expense for the year then ended;
- The Group and Parent Company statements of financial position as at 31 March 2014;
- The Group and Parent Company statements of changes in equity for the year then ended;
- The Group and Parent Company statements of cash flows for the year then ended; and
- The accounting policies and critical accounting judgements and the notes to the financial statements.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and IFRSs as adopted by the European Union and as regard the Parent Company, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Auditor commentary

Our application of materiality

The objective of our audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, thereby enabling us to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. We apply the concept of materiality in assessing the risks of material misstatement and in determining the nature, timing and extent of our audit procedures to gather sufficient appropriate audit evidence. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements would be changed or influenced. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Based on out professional judgement, we determined materiality for the Group financial statements as a whole to be £147,500 and performance materiality set at 75% of materiality, namely £110,625.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2,950 as well as misstatements below that amount, that in our view warranted reporting for qualitative reasons.

An overview of our audit approach

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.

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

Our assessment of risk of material misstatement

In preparing the financial statements, the Directors made a number of subjective judgements around significant accounting estimates which involved making assumptions on future events which are inherently uncertain. Our assessed risks of material misstatements include those areas of particular subjective judgement and had the greatest impact on the audit strategy and the allocation of resources in the audit.

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.

The following risks of material misstatement identified were discussed with the Audit Committee and are included within their report on those matters they considered to be significant issues in relation to the financial statements set out on page 11.

Risk of material misstatement	Our response to the risks identified
Revenue recognition We consider the timing of revenue recognition and the appropriateness of deferred and accrued revenue balances at the balance sheets date, which involves judgement.	We tested the timing of revenue recognition by reviewing all ongoing consultancy contracts at the balance sheets date and the level of completion in terms of milestones achieved and time recorded.
The ISA's (UK & Ireland) presume there is a risk of fraud in revenue recognition because of the pressure management may feel to achieve expected results.	We tested a sample of approved timecards along with billings either side of the balance sheet date and compared these to recorded revenue, accrued revenue and deferred revenue.
Going concern This was considered to be an area of audit focus due to the current financial position of the Group and its trading performance in recent years.	We obtained the Group's forecast through to 30 June 2015. We evaluated the assumptions underlying the forecasts including challenging the forecast cashflows and the discount rate applied. We considered the adequacy of the Group's financing structure, including holding a discussion with the Group's lenders evaluating compliance with covenants and assessed the sensitivity of the forecasts to changes in the key assumptions.

Opinion 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; and
- 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 8, in relation to going concern; and
- the part of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have no exceptions arising from this review.

Anna Draper (senior statutory auditor)

19 June 2014

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Group and Company	Note	2014 £'000	2013 £'000
Revenue		**19,702**	18,880
Cost of sales		**(16,839)**	(16,176)
Gross profit		**2,863**	2,704
Administrative expenses		**(2,738)**	(2,566)
Profit from operations before exceptional item		**125**	(25)
Exceptional administrative credit: change in surplus property provision	5	**-**	163
Profit from operations	6	**125**	138
Profit from operations	6	**125**	138
Finance income	7	**-**	2
Finance expense	7	**(114)**	(112)
Profit before tax		**11**	28
Tax expense	9	**-**	-
Profit for the year and total comprehensive income attributable to equity holders of the parent		**11**	28
Basic earnings per share	11	**0.07p**	0.18p
Diluted earnings per share	11	**0.07p**	0.18p

All amounts relate to continuing activities.

Statements of changes in equity for the year ended 31 March 2014

Group

	Note	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2012		151	562	104	(457)	360
Profit for the year and total comprehensive income		-	-	-	28	28
Share-based payments		-	-	-	10	10
At 1 April 2013		**151**	**562**	**104**	**(419)**	**398**
Profit for the year and total comprehensive income		-	-	-	11	11
Share-based payments		-	-	-	12	12
Unclaimed dividends	10	-	-	-	58	58
At 31 March 2014		**151**	**562**	**104**	**(338)**	**479**

Company

	Note	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2012		**151**	**562**	**104**	**(462)**	**355**
Profit for the year and total comprehensive income		-	-	-	28	28
Share-based payments		-	-	-	10	10
At 1 April 2013		**151**	**562**	**104**	**(424)**	**393**
Profit for the year and total comprehensive income		-	-	-	11	11
Share-based payments		-	-	-	12	12
Unclaimed dividends	10	-	-	-	58	58
At 31 March 2014		**151**	**562**	**104**	**(343)**	**474**

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.

Registered number: 2285049

	Note	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Non-current assets					
Intangible assets	12	**152**	207	**152**	207
Property, plant and equipment	13	**58**	26	**58**	26
		210	233	**210**	233
Current assets					
Trade and other receivables	15	**3,436**	3,060	**3,436**	3,060
Cash and cash equivalents	16	**108**	283	**108**	283
		3,544	3,343	**3,544**	3,343
Total assets		**3,754**	3,576	**3,754**	3,576
Current liabilities					
Trade and other payables	17	**(2,355)**	(2,399)	**(2,360)**	(2,404)
Financial liabilities	18	**(109)**	-	**(109)**	-
Short term provisions	19	**(241)**	(114)	**(241)**	(114)
		(2,705)	(2,513)	**(2,710)**	(2,518)
Non-current liabilities					
Financial liabilities	18	**(24)**	-	**(24)**	-
Long term provisions	19	**(546)**	(665)	**(546)**	(665)
		(570)	(665)	**(570)**	(665)
Total liabilities		**(3,275)**	(3,178)	**(3,280)**	(3,183)
Net assets		**479**	398	**474**	393
Shareholders' equity					
Share capital	20	**151**	151	**151**	151
Share premium account		**562**	562	**562**	562
Capital redemption reserve		**104**	104	**104**	104
Retained earnings		**(338)**	(419)	**(343)**	(424)
Total shareholders' equity		**479**	398	**474**	393

The financial statements on pages 22 to 42 were approved by the Board of Directors and authorised for issue on 19 June 2014 and were signed on its behalf by:

NE Burrows
Director

SM Sanderson
Director

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

Statements of cash flows for the year ended 31 March 2014

Group and company	Note	2014 £'000	2013 £'000
Cash flows from operating activities			
Profit for the year before taxation		**11**	28
Adjustments for:			
Depreciation of property, plant and equipment		**20**	17
Profit on disposal of property, plant and equipment		**(6)**	-
Amortisation of intangible assets		**55**	56
Finance income		**-**	(2)
Interest expense		**21**	16
Share-based payment expense		**12**	10
Changes in working capital			
(Increase)/decrease in trade and other receivables		**(376)**	1,106
Decrease in trade and other payables		**(44)**	(295)
Increase/(decrease) in provisions		**8**	(404)
Cash (consumed)/generated by operations		**(299)**	532
Corporation tax received		**-**	277
Interest paid		**(21)**	(16)
Interest received		**-**	2
Net cash flows from operating activities		**(320)**	795
Investing activities			
Purchase of intangible assets		**-**	(1)
Purchase of property, plant and equipment		**(20)**	(14)
Proceeds from sale of property, plant and equipment		**6**	-
Net cash used in investing activities		**(14)**	(15)
Financing activities			
Finance lease principal payments		**(3)**	-
Proceeds from dividend write off		**58**	-
Net cash flows from financing activities		**55**	-
Net (decrease)/increase in cash and cash equivalents		**(279)**	780
Cash and cash equivalents at beginning of the period		**283**	(497)
Cash and cash equivalents at end of the period	16	**4**	283

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 historical cost basis and are presented in sterling, the functional currency of the Company.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. 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 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. 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 balance sheet 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.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rate ruling on the balance sheet date. 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.

Income from the sale of Zubed licences, or the Zubed licence component of any contract, is fully recognised at the point of sale, less any amounts attributable to maintenance and support, which are recognised over the life of the licence.

Exceptional items

Items which are both material and non-recurring are presented as exceptional items within their relevant category in the statement of comprehensive income and expense. The separate reporting of exceptional items helps to provide a better indication of the Group's underlying business performance. Events which may give rise to the classification of items as exceptional, if of a significantly material value, include non-routine movements in provisions, litigation and similar settlements, and asset impairments.

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 balance sheet date.

Full provision is made for deferred tax on all relevant temporary differences resulting from the difference between the carrying value of an asset or liability and its tax base. 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 since 7 November 2002 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.

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 Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Review, and in note 18 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 18 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 reasonably 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.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

New standards and interpretations

Applied

The Group has adopted the following new standards, amendments and interpretations during the year. Adoption of these standards, amendments and interpretations did not have any effect on the financial performance or position of the Group. These standards and interpretations have been adopted from 1 April 2013 unless stated otherwise.

Annual Improvements to IFRSs (2009-2011 Cycle)

Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'

Amendments to IAS 19 'Employee Benefits '

IFRS 13 'Fair Value Measurement'

There has been no impact on the results, cash flows, financial position of the Group or their presentation as a result of the adoption of these standards.

Not applied

At the date of approval of these financial statements, the following relevant standards and interpretations were issued but not yet mandatory (and in some cases had not yet been adopted by the EU). The Group has not applied these standards and interpretations in the preparation of these financial statements.

IFRS 9 'Financial Instruments'

IFRS 10 'Consolidated Financial Statements'

IFRS 11 'Joint Arrangements'

IFRS 12 'Disclosure of interests in other entities'

Annual Improvements to IFRSs (2010-2012 Cycle)

Annual Improvements to IFRSs (2011-2013 Cycle)

Amendments to IAS 27 'Separate Financial Statements'

Amendments to IAS 28 'Investments in Associates and Joint Ventures'

Amendments to IAS 32 'Offsetting financial assets and financial liabilities'

Amendments to IFRS 7 'Disclosures – offsetting financial assets and financial liabilities'

Amendments to IFRS 10, IFRS 12 and IAS 27 for investment entities

Amendments to IFRS 10, 11 and 12 on transition guidance

Narrow-scope amendments to IAS 36 'Impairment of Assets'

Narrow-scope amendments to IAS 39 'Financial Instruments: Recognition and Measurement'

IFRIC 21 'Levies'

The Directors do not anticipate that the adoption of the standards and amendments will have a material impact on the Group's financial statements in the period of initial application.

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.

Critical accounting estimates and assumptions

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.

Surplus property

Provision has been made to meet the estimated liabilities of any property surplus to the requirements of the business. All ongoing costs net of estimated future rental income are charged to the provision. The provision is discounted, unless the effect of the time value of money is not material (see note 19).

Management exercises judgement in estimating costs, rental incomes and the discount rate used in the calculation of the provision.

Were the discount rate to increase or decrease by 1% this would increase or decrease net income and equity by £16,000.

Were 50% of the vacant property to be let for 3 years at a rent that was the same as the rent paid, this would increase net income and equity by £283,000.

Deferred tax asset

A deferred tax asset of £1,826,000 (2013: £2,013,000) has not been recognised because of the uncertainty of the timing of future profits. The unrecognised deferred tax asset may result in any future profits being charged to tax below the standard rate.

Revenue recognition

Revenue from maintenance and fixed price consultancy 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. This requires the Group to estimate the services performed to date as a percentage of the total services to be performed. As at the balance sheet date, were the percentage of services performed to total services to be performed to differ by 10%, net income and equity would be increased by £nil if the percentage performed were increased, or net income and equity would be decreased by £nil if the percentage performed were decreased.

Revenue from consultancy contracts, which are on a time hire basis, is recognised as the services are delivered. This requires an assessment of services performed between the date of the last time sheet received and the balance sheet date. As at the balance sheet date, were the estimated amounts to differ by 10% this would increase/ decrease net income and equity by £2,000.

Revenue from Zubed licences is fully recognised at the point of sale providing there are no outstanding performance obligations. Any revenue attributable to further performance obligations such as maintenance and support, is estimated by attributing an appropriate profit margin to the estimated total cost of those obligations, and is recognised over the lifetime of the licence.

Impairment of intangible assets

Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

Critical judgements in applying the entity's accounting policies

In applying its accounting policies the Group has not been required to make any judgements, apart from those involving estimates, that have had a significant effect on the amounts recognised in these financial statements.

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	2014 £'000	2013 £'000
Currency: Euros			
Net cash	16	**10**	26
Trade and other receivables	15	**130**	37
Trade and other payables	17	**(98)**	(25)
		42	38

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 18, is secured by way of a debenture over all assets. At the year end borrowing under this facility totalled £104,000 (2013: £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 £5,000 (2013: £4,000).

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. The amount charged to the income statement during the year in respect of bad debts was £nil, (2013: £11,000, being 0.06% of revenue).

The Group is also exposed to credit risk from accrued income, being revenue earned but not yet invoiced (note 15).

Financial assets that are past due but not impaired are analysed in note 15. Each balance has been reviewed by management to assess its recoverability.

The Group also has credit risk from cash deposits with banks (note 16). The Group only banks with financial institutions with a good credit rating.

The Group's maximum exposure to credit risk is:

	Note	2014 £'000	2013 £'000
Trade and other receivables	15	**2,944**	2,612
Accrued income	15	**258**	210
Cash and cash equivalents	16	**108**	283
		3,310	3,105

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 £2m. 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 balance sheet 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 17 and 18.

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. Segmental reporting

The Group derives its revenue from two operating segments, which offer different services, being Resourcing and Consulting & Solutions.

The Resourcing segment provides services to the public and private sectors in the areas of both contract and permanent IT resourcing. The Consulting & Solutions segment provides IT consultancy and solutions services, including location intelligence services to both the public and private sectors.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

	Resourcing 2014 £'000	Consulting & Solutions 2014 £'000	Total 2014 £'000
Revenue	**16,991**	**2,711**	**19,702**
Profit/(loss) from operations before exceptional items	**327**	**(202)**	**125**
Exceptional items	**-**	**-**	**-**
Profit/(loss) from operations after exceptional items	**327**	**(202)**	**125**

	Resourcing 2013 £'000	Consulting & Solutions 2013 £'000	Total 2013 £'000
Revenue	16,030	2,850	18,880
Profit/(loss) from operations before exceptional items	417	(442)	(25)
Exceptional items	-	163	163
Profit/(loss) from operations after exceptional items	417	(279)	138

Assets and liabilities are not reported internally by segment as management do not require such information to manage the business, so no such segmental information is presented.

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

20% (2013: 12%) of revenue was generated in the public sector. The largest single customer contributed 28% (2013: 21%) of Group revenue, was in the private sector, and is reported within the Resourcing segment.

5. Administrative expenses

There was an exceptional administrative credit of £163,000 in the previous year in respect of a reduction in the provision for vacant property costs as a result of an agreement with the landlords for a one year rent holiday on the vacant property, which commenced on 25 June 2013.

	2014 £'000	2013 £'000
Administrative expenses	**2,738**	2,729
Exceptional administrative credit: vacant property provision	**-**	(163)
Total administrative expenses	**2,738**	2,566

6. Profit from operations

	2014 £'000	2013 £'000
Profit from operations is stated after charging/(crediting):		
Profit on disposal of property, plant and equipment	**(6)**	-
Depreciation of owned assets	**20**	17
Amortisation of intangible assets	**55**	56
Operating leases for land and buildings	**380**	515
Impairment of receivables	**-**	11
Auditors' remuneration:		
Audit of financial statements: Group and company	**53**	46
Taxation services	**3**	4

7. Finance income and expense

	2014 £'000	2013 £'000
Finance income		
Net foreign exchange gain	**-**	2
Total finance income	**-**	2
Finance expense		
Bank interest payable	**(19)**	(16)
Other interest payable	**(2)**	-
Total interest expense	**(21)**	(16)
Unwinding of discount on provisions	**(92)**	(96)
Net foreign exchange loss	**(1)**	-
Total finance expense	**(114)**	(112)
Net finance expense recognised in income and expense	**(114)**	(110)

8. Employees and directors

Group and company	2014 Number	2013 Number
Average number of persons (including executive Directors) employed		
Senior management	**4**	5
Fee earners	**28**	30
Sales	**16**	20
Administration and finance	**9**	10
	57	65

Staff costs for the above persons (including executive Directors)	2014 £'000	2013 £'000
Wages and salaries	**2,792**	3,073
Social security costs	**317**	340
Defined contribution pension costs	**235**	223
Equity settled share-based payments	**12**	10
	3,356	3,646

Directors	£'000	£'000
Emoluments	**170**	170
Money purchase pension contributions	**16**	16
	186	186

One Director (2013: one) had retirement benefits accruing under money purchase pension schemes.

9. Tax expense

	2014 £'000	2013 £'000
Tax expense in income statement	-	-

The tax expense for the year differs from the standard rate of corporation tax in the UK (23%; 2013: 24%). The differences are explained below:

	2014 £'000	2013 £'000
Profit before tax	11	28
Profit before tax multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	3	7
Effects of:		
Expenses not deductible for tax purposes	9	15
Movement in unrecognised deferred tax asset in respect of operating losses	(6)	(14)
Movement in unrecognised deferred tax asset in respect of temporary differences	(6)	(8)
Total tax charge for the year	-	-

A deferred tax asset of £1,826,000 (2013: £2,013,000) on trading losses of £8,475,000 (2013: £8,502,000) has not been recognised because of the uncertainty of the timing of future profits. The unrecognised deferred tax asset may result in any future profits being charged to tax below the standard rate.

Group and company	2014 £'000	2013 £'000
Accelerated depreciation	46	58
Losses carried forward indefinitely	1,780	1,955
Unrecognised deferred tax asset	1,826	2,013

10. Dividends

No dividends have been paid or proposed for year ended 31 March 2014 (2013: nil).

During the year, unclaimed dividends totalling £58,000 (2013: £nil) were repaid to the Company in accordance with the Company's Articles of Association, and credited directly to the retained earnings account.

11. 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:

	2014	2013
Profit for the year	**£11,000**	£28,000
Average number of shares in issue	**15,149,579**	15,149,579
Effect of dilutive options *	**-**	-
Average number of shares in issue plus dilutive options	**15,149,579**	15,149,579
Basic earnings per share	**0.07p**	0.18p
Diluted earnings per share	**0.07p**	0.18p

* The share options have no dilutive effect in either the current or previous years. Potentially dilutive share options are disclosed in Note 21.

12. Intangible assets

Group and company

	Purchased software £'000	Internally developed software £'000	Total £'000
Cost			
At 31 March 2012	634	1,576	2,210
Additions	1	-	1
At 31 March 2013	635	1,576	2,211
Disposals	(10)	(466)	(476)
At 31 March 2014	**625**	**1,110**	**1,735**
Accumulated amortisation/impairment			
At 31 March 2012	577	1,371	1,948
Charge for the year	22	34	56
At 31 March 2013	599	1,405	2,004
Charge for the year	21	34	55
Disposals	(10)	(466)	(476)
At 31 March 2014	**610**	**973**	**1,583**
Net book value			
At 31 March 2014	**15**	**137**	**152**
At 31 March 2013	36	171	207

13. Property, plant and equipment

Group and company	Computer hardware £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 31 March 2012	538	962	25	1,525
Additions	12	2	-	14
At 31 March 2013	550	964	25	1,539
Additions	14	-	38	52
Disposals	(262)	-	(21)	(283)
At 31 March 2014	**302**	**964**	**42**	**1,308**
Accumulated depreciation				
At 31 March 2012	521	953	22	1,496
Charge for the year	10	4	3	17
At 31 March 2013	531	957	25	1,513
Charge for the year	11	2	7	20
Disposals	(262)	-	(21)	(283)
At 31 March 2014	**280**	**959**	**11**	**1,250**
Net book value				
At 31 March 2014	**22**	**5**	**31**	**58**
At 31 March 2013	19	7	-	26

The net carrying amount of property, plant and equipment includes £31,000 (2013: £nil) in respect of assets held under finance leases.

14. 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.

15. Trade and other receivables

Group and company	2014 £'000	2013 £'000
Trade receivables	**2,944**	2,624
Less: provision for impairment of trade receivables	**-**	(12)
Trade receivables-net	**2,944**	2,612
Accrued income	**258**	210
Prepayments	**234**	238
	3,436	3,060

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 2014 trade receivables of £727,000 (2013: £594,000) were past due but not impaired. They relate to customers with no default history. The total number of customer ledger balances at 31 March 2014 was 90 (2013: 96). The ageing analysis of these receivables is as follows:

Group and company	2014 £'000	2013 £'000
Up to 30 days past due	**572**	496
30 to 60 days past due	**120**	58
Over 60 days past due	**35**	40
	727	594

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

Group and company	2014 £'000	2013 £'000
At beginning of the year	12	12
Charged to income statement	-	12
Credited to income statement	(12)	(1)
Receivables written off as uncollectable	-	(11)
At end of the year	-	12

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

Group and company	2014 £'000	2013 £'000
Sterling	3,072	2,785
Euros	130	37
	3,202	2,822

Debtor days are calculated by matching year end debtor balances to most recent sales on a day by day basis.

16. Cash and cash equivalents

Group and company	2014 £'000	2013 £'000
Cash available on demand	108	283

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	2014 £'000	2013 £'000
Sterling	98	257
Euros	10	26
	108	283

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.

Group and company	2014 £'000	2013 £'000
Cash available on demand	108	283
Bank borrowings repayable on demand	(104)	-
	4	283

17. Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Trade payables	**1,586**	1,679	**1,586**	1,679
Accruals	**307**	368	**307**	368
Owed to subsidiary	**-**	-	**5**	5
	1,893	2,047	**1,898**	2,052
Deferred income	**145**	70	**145**	70
Other taxation and social security	**317**	282	**317**	282
	2,355	2,399	**2,360**	2,404

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

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Up to 3 months	**1,802**	1,942	**1,807**	1,947
3 to 6 months	**33**	39	**33**	39
6 to 12 months	**58**	66	**58**	66
	1,893	2,047	**1,898**	2,052

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	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Sterling	**1,795**	2,022	**1,800**	2,027
Euros	**98**	25	**98**	25
	1,893	2,047	**1,898**	2,052

18. Financial liabilities

Group and company	2014 £'000	2013 £'000
Current		
Bank borrowings	**104**	-
Finance lease obligations	**5**	-
	109	-
Non-current		
Finance lease obligations	**24**	-

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 £2m. This facility is secured by way of a debenture over all assets, being £3.65m at 31 March 2014. Bank borrowings are repayable upon demand.

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.

19. Provisions

Group and company	Provision for vacant properties £'000	Provision for property dilapidation £'000	Total £'000
At 1 April 2013	753	26	**779**
Charged to income statement	-	33	**33**
Utilised in year	(117)	-	**(117)**
Unwinding of discount: passage of time (note 7)	92	-	**92**
At 31 March 2014	728	59	**787**

The discount rate applied in the calculation of the provision for vacant properties is 12% (2013: 12%).

Group and company	Provision for vacant properties £'000	Provision for property dilapidation £'000	Total £'000
The maturity profile of the present value of provisions is as follows:			
Current	184	57	**241**
Non-current	544	2	**546**
	728	59	**787**

The provision for vacant properties covers the anticipated future costs of rent, rates and other outgoings in respect of unoccupied property, less anticipated future rental income. It has been calculated on the basis of when the property is anticipated to be sub-let. These liabilities have been discounted therefore there is no material difference between the value of the provision recorded in the accounts and the fair value. The maturity profile of the carrying amount of this provision as at 31 March 2014 is as follows:

Group and company	2014 £'000	2013 £'000
In one year or less	**184**	102
In more than one year, but not more than 2 years	**201**	165
In more than 2 years, but not more than 5 years	**343**	486
	728	753

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

20. Share capital

Ordinary shares of 1p each	2014	2013
Issued, called up and fully paid:		
Number	**15,149,579**	15,149,579
Nominal value	**£151,496**	£151,496
Authorised:		
Number	**33,500,000**	33,500,000
Nominal value	**£335,000**	£335,000

21. Share-based payments

At 31 March 2014 1,183,000 options granted under employee share option schemes remain outstanding:

Number	Exercise price	Performance criteria	Period options exercisable
190,000	51.5p	1	8 March 2009 to 8 March 2016
158,000	14.0p	2	7 August 2012 to 7 August 2018
835,000	13.5p	1	23 September 2014 to 23 September 2021

1 Performance criteria: that, 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, in any financial year commencing at least one year after the date of grant.

2 Performance criteria: that if, but only if, the total Earnings per Share of the Company in the period of the three years ending 31 March 2012 exceeds 9.5p per share, and the amount of Earnings per Share for each of those years is a positive amount, then an Option shall become exercisable in respect of 50% of the shares over which it subsists. If, but only if, the total Earnings per Share of the Company in the period of three years ending 31 March 2012 exceeds 19p per share, and the amount of Earnings per Share for each of those years is a positive amount, then an Option shall become exercisable in respect of 100% of the shares over which it subsists.

The options outstanding at 31 March 2014 had a weighted average remaining contractual life of 6.2 years (2013: 7.3 years).

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

There were no options granted during the year (2013: nil).

The total expense recognised in the year is £12,000 (2013: £10,000).

A reconciliation of option movements over the year to 31 March 2014 is shown below:

	2014		2013	
	Number of options	Weighted average exercise price Pence	Number of options	Weighted average exercise price Pence
Outstanding at start of year	**1,384,000**	**19.0**	1,635,412	19.9
Forfeited	**(201,000)**	**14.7**	(37,000)	15.6
Lapsed	**-**		(214,412)	26.5
Outstanding at end of year	**1,183,000**	**19.7**	1,384,000	19.0
Exercisable at end of year	**348,000**	**34.5**	394,000	32.7

There were no options exercised during the year. The above figures include options held by Directors which are set out in the Directors' Remuneration Report on page 17.

22. Commitments

The Group had capital commitments totalling £nil at 31 March 2014 (31 March 2013: £nil).

The future aggregate minimum lease payments under non-cancellable operating leases, all of which relate to property, are:

	2014 £'000	2013 £'000
Not later than 1 year	**443**	413
Later than 1 year and no later than 5 years	**1,185**	1,628
	1,628	2,041

23. Related party transactions

The Group rents two of its offices under contracts expiring in 2018. The current annual rents of £395,000 were fixed, by independent valuation, for a five year period at the last rent review in 2008. A rent holiday was agreed with the landlords for one of the offices for a period of one year commencing from 25 June 2013. Therefore the rent payable during that period was reduced to £215,000. JC Rigg, a Director, has notified the Board that he has a 50% beneficial interest in these contracts. The balance owed at the year end was £nil (2013: £nil).

Key management comprises the Board of Directors and their remuneration is set out in the Directors' Remuneration Report on page 16.

Consolidated income statement

Years ended 31 March	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Revenue	**19,702**	18,880	19,447	23,298	27,176
Gross profit	**2,863**	2,704	3,239	3,644	4,723
Profit/(loss) on ordinary activities before taxation	**11**	28	(76)	(920)	(613)
Taxation on loss on ordinary activities	**-**	-	277	-	-
Profit/(loss) on ordinary activities after taxation	**11**	28	201	(920)	(613)
Dividends	**-**	-	-	-	-
Retained profit/(sustained loss) for the financial year	**11**	28	201	(920)	(613)
Basic profit/(loss) per ordinary share of 1p each (pence)	**0.07**	0.18	1.33	(6.07)	(4.05)

Balance sheet

As at 31 March	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Non-current assets	**210**	233	291	484	892
Current assets	**3,544**	3,343	4,491	4,582	6,365
Current liabilities	**(2,705)**	(2,513)	(3,474)	(3,842)	(4,939)
Non-current liabilities	**(570)**	(665)	(948)	(1,071)	(1,245)
Net assets	**479**	398	360	153	1,073
Share capital	**151**	151	151	151	151
Share premium account	**562**	562	562	562	562
Capital redemption reserve	**104**	104	104	104	104
Retained earnings	**(338)**	(419)	(457)	(664)	256
Equity shareholders' funds	**479**	398	360	153	1,073

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 which 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: 01483 860222
Fax: 01483 860198
Email: investors@triad.co.uk

Financial calendar

Annual General Meeting	Summer 2014

Financial year ended 31 March 2015: expected announcement of results

Half year	November 2014
Full year preliminary announcement	June 2015

Corporate information

Executive Directors

John Rigg, Chairman
Nick Burrows

Non-executive Directors

Alistair Fulton
Steven Sanderson

Secretary and registered office

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

Telephone: 01483 860222
Fax: 01483 860198
Email: investors@triad.co.uk

Country of incorporation and domicile of parent company

United Kingdom

Legal form

Public limited company

Company number

2285049

Registered Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Solicitors

Allen & Overy LLP
One Bishops Square
London
E1 6AO

Bankers

Lloyds TSB Bank plc

City Office
11-15 Monument Street
London
EC3V 9JA

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Triad Consulting and Solutions
Triad Resourcing

Godalming office:
Weyside Park
Catteshall Lane
Godalming
Surrey
GU7 1XE

T. 01483 860222
F. 01483 860198

Milton Keynes office:
St Andrews House
Caldecotte Lake Drive
Caldecotte Business Park
Milton Keynes
MK7 8LE

T. 01908 278450
F. 01908 630133