Triad Group Plc

Annual Report & Accounts

2016–17

triad

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Strategic report

Financial highlights

- Revenue for the year ended 31 March 2017: £30.9m (2016: £28.3m)
- Profit before tax: £1.52m (2016: £0.86m)
- Earnings before interest, tax, depreciation and amortisation (EBITDA): £1.61m (2016: £1.13m)
- Profit after tax: £1.53m (2016: £1.21m)
- Gross profit as a percentage of revenue: 16.2% (2016: 15.0%)

Chairman's statement

Dr John Rigg, Executive Chairman

The results for the year ended 31 March 2017 represent the Group's strongest performance in ten years. We have seen continued improvement across key financial indicators with revenue up by 9.2% to £30.9m (2016: £28.3m), profit before tax up by 76% to £1.52m (2016: £0.86m), and gross profit as a percentage of revenue increasing to 16.2% (2016: 15.0%).

Revenue and profit have been driven by careful management of existing key accounts, with significant growth seen across three of our four largest clients. This has been achieved as a result of the professionalism of our staff and outstanding levels of service delivered by our teams. Maintaining long-lasting relationships with our clients is a key contributor to our strengthened position, and the Group has been particularly successful in this regard despite the intense competition faced across the industry.

Amongst the year's highlights has been Triad's involvement in a national roll-out for digital services helping one of our Central Government clients with their transformation agenda. Elsewhere, we have been underpinning the work of one of the country's leading foreign aid consultancies, helping them to deliver services more efficiently through the development of a range of digital services. This work has also contributed to the significant improvements within our Office365 practice, an area we expect to expand as uptake increases.

In another Central Government client, we have been providing a highly talented team of system engineers responsible for creating an industrial-strength platform from which a range of digital services is being hosted. Triad consultants are also providing key advisory services to a major Government-owned company, helping them to determine and deliver their strategic goals over the next 3–5 years.

The Group's strong performance within the GIS sector continued, expanding not only within existing key accounts but also with some new clients who recognise our position as domain experts.

A fundamental characteristic of all of our engagements is the provision of highly talented experts, passionate about delivering positive outcomes for our clients. Our ability to deliver and to get projects 'over the line' is regularly cited as a core competence by our clients.

One of the most significant challenges of the year was undoubtedly the build up to, and introduction of, new legislation around Off-Payroll Working (related to existing IR35 legislation) with a significant number of our contractors placed with public sector clients. Triad adopted a proactive approach regarding the legislation, working with the entire supply chain, achieving a smooth transition when the legislation was enacted in April 2017. The main industry-wide risk associated with the legislation (for both suppliers and customers) was that of contractors, concerned by the impact of the new legislation, choosing to leave their positions to move to roles in the private sector. Whilst we saw a modest amount of such departures, overall the retention rate was high. Going forwards, we do not expect the legislation to pose any significant challenges (at least until it is inevitably rolled out to the private sector).

A further challenge arose during the year when one government programme, to whom we were supplying a significant number of consultants, was halted prematurely, necessitating a lengthy pause in activity. This is an inevitable risk of larger and deeper engagements, the mitigation of which remains a key priorty for the Group.

The Group has maintained its presence on key frameworks such as DOS and g-Cloud, whilst enjoying success on joining other frameworks that give access to key target clients.

A number of new clients were acquired by the Group during the year, including one of Europe's largest automotive retailers, a large telecoms infrastructure operator, a significant player in the anti-terror area, and the world's leading GIS software provider.

The Group is steadily increasing its public profile. Triad was a key sponsor at last year's ContainerSched conference, an event attracting some of the leading software engineers and technology businesses. Triad has also assumed leadership of a number of meet-up groups, including two around the emerging BlockChain technology. Involvement in this type of activity is increasing Triad's reach significantly, providing access to some of the foremost talent in these fields.

Strategic report

In February the Board announced the appointment of a new broker, Arden Partners plc. We view this as a signifcant step in returning the Group to its former glory.

Dividend

I am pleased to announce that, for the year ending 31 March 2017, the directors have proposed a dividend of 0.5p per share (2016: NIL).

Outlook

Going forwards, the intention is to drive new business, in particular to increase our coverage outside the public sector. Our expertise in Agile, continuous delivery and DevOps services, combined with increasing exposure to emerging concepts such as BlockChain, is extremely portable across sectors and provides the opportunity to strengthen the client portfolio.

Our sales pipeline remains healthy as we move into the the second quarter of the new financial year and we remain focussed on building a more robust, profitable business.

Employees

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

John Rigg
Chairman
9 June 2017

Organisation overview

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

Principal objectives

The principal objectives of the Group are to;

- Provide clients with industry leading service in our core skills.
- Achieve sustainable profitable growth across the business and increase long term shareholder value.

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

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

- Our services include consultancy, change leadership, project delivery, software development, mobility services and business insights. Further capacity and expertise is provided via our resourcing services.
- We continue to adopt a "business first, technology second" approach to solving our clients' problems. A cornerstone of our service offer is our consultancy model, offering advice and guidance to clients in terms of technology investments.

To develop long term client relationships across a broad client base

- Enduring client relationships fuel profitability. A hallmark of our recent improvements has been the frequency of repeat business, which itself has been a function of outstanding delivery and proactive business development within existing accounts.
- Our consistent track record in this regard is our major asset when developing propositions for new clients, along with the use of case studies and references.
- We have structured our service offering to enable clients to engage early, thus enabling the building of trust and confidence from the outset

To work with partners

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

To leverage group capability and efficiency to increase profitability

- We continue to develop synergies across the Group's activities both externally and internally, driving better outcomes for clients whilst improving efficiency and effectiveness. The management team sets objectives to ensure that these synergies are exploited.
- We enable our clients to benefit from access to a full range of ICT services, delivered through a single, easy to access, point of sale.
- We will continue to strive to provide the highest quality of service through the provision of niche resources using market experts, and the supply of IT services though our team of skilled consultants.
- We will strengthen our pipeline of work through the development of fulfilling and productive client relationships.

Business model

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

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

Principal risks and uncertainties

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

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

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

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

The principal risks identified are:

IT services market

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

Revenue visibility

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

Availability of staff

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

Competition

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

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

Viability Statement

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

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

The assessment also considered the impact of severe, yet plausible, scenarios based on the principal risks set out above. Sensitivities around revenue growth, gross margins, and availability of funds to meet operational requirements were considered.

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

Strategic report

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

Performance assessment, financial review and outlook

Financial and non-financial key performance indicators (KPIs) used by the Board to monitor progress are revenue, profit from operations, gross margin, net borrowings and headcount. Financial KPIs are discussed in more detail in the Financial Review below. The outlook for the Group is discussed in the Chairman's statement on page 2.

The KPIs are as follows;

	2017	2016
Revenue	**£30,912,000**	£28,317,000
Profit from operations	**£1,547,000**	£980,000
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**£1,612,000**	£1,133,000
Gross margin	**16.2%**	15.0%
Average headcount	**53**	52

Corporate social responsibility

Our employees

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

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

The following table shows the number of persons, by gender, who at 31 March 2017 were directors, senior managers or employees of the Company.

	Male	Female	Total
Directors	5	–	5
Senior managers	2	1	3
Employees	36	12	48
	43	**13**	**56**

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 2016 to 31 March 2017 in tonnes of carbon dioxide equivalents (tCO2e) is shown in the table below.

	2017 tCO_2e*	2016 tCO_2e*
Emission source:		
Combustion of fuel	**23**	23
Electricity and heat purchased for own use	**94**	91
Total	**117**	114
tCO_2e per £1m revenue	**3.8**	4.0

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

Social, community and human rights issues

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

Strategic report

Financial review

Group performance

The Group reports the following results for the financial year ended 31 March 2017:

Group revenue has increased to £30.9m (2016: £28.3m).

The Group reports an increase in profit from operations to £1.55m (2016: £0.98m). Earnings before interest, tax, depreciation and amortisation (EBITDA) is £1.61m (2016: £1.13m). The Group reports a profit after tax of £1.53m (2016: £1.21m).

Gross margin has increased to 16.2% (2016: 15.0%). A concerted effort across the business has led to improvements in gross margin, helped by the eradication of lower-margin work and the increase in profitability of new business.

Cash and cash equivalents at the year-end have increased to £2,248,000 (2016: £955,000).

Overheads

Administrative expenses for the year have increased to £3.45m (2016: £3.26m).

Staff costs have increased to £3.99m (2016: £3.67m). The average headcount for the year has increased slightly to 53 (2016: 52).

Cash flows

Cash and cash equivalents at 31 March 2017 stood at £2,248,000 (2016: £955,000). There was a net cash inflow from operating activities of £1,327,000 (2016: £621,000). The net cash outflow from investing activities was £74,000 (2016: £50,000).

Tangible assets

Tangible assets were purchased totalling £74,000 (2016: £42,000).

Intangible assets

There were no development costs capitalised during the year (2016: £nil).

Net assets

The net asset position of the Group at 31 March 2017 was £3,562,000 (2016: £2,056,000). The increase over the year was due to the profit for the year.

Share options

340,000 options were exercised by directors and staff during the year. No new options were granted during the year. An expense of £2,000 (2016: £4,438) has been recognised relating to options granted in September 2014.

By order of the Board

Nick Burrows
Finance Director
9 June 2017

Directors' report

The Directors present their Annual Report on the activities of the Group, together with the financial statements for the year ended 31 March 2017. The Board confirms that these, taken as a whole, are fair, balanced and understandable, and that they provide the information necessary for shareholders to assess the company's position and performance, business model and strategy, and that the narrative sections of the report are consistent with the financial statements and accurately reflect the Group's performance and financial position.

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

Corporate Governance disclosures required with the Directors' Report have been included within our Corporate Governance Report beginning on page 10.

Share capital and substantial shareholdings

Share capital

As at 31 March 2017, the Company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the ordinary share capital can be found in note 19 to these financial statements.

Voting rights

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

Transfer of shares

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

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

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

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

Appointment and replacement of directors

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

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

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

Amendment of the Company's Articles of Association

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

Directors' report

Substantial shareholdings

As at 31 March 2017 the Company had been notified under the Disclosure and Transparency Rules (DTR 5) of the following notifiable interests in the Company's issued share capital. These holdings are likely to have changed since the Company was notified, however, notification of any change is not required until the next notifiable threshold is crossed:

	% of total voting rights
Liontrust Investment Partners LLP	4.39%
T Charlton	6.04%

As at 8 June 2017 the following notifications have been received since the year end:

	% of total voting rights
P Atkinson	17.39%

Dividends

The Directors are proposing a final dividend of 0.5p per ordinary share (2016: nil), totalling £77,448 (2016: nil). This dividend has not been accrued in the statements of financial position.

Financial instruments

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

Research and development activity

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

Directors' interests in contracts

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

Directors' insurance and indemnities

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

Disclosure of information to 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 17 to the financial statements. In addition, note 3 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk. As highlighted in note 17 to the financial statements, the Group meets its day to day working capital requirements through an invoice finance facility.

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

Directors' report

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

The external audit was last put out to tender in 2006 when the current auditor, BDO LLP, was appointed. The lead audit partner was changed by rotation in 2013, her predecessor having served for a period of 5 years. Following the implementation of EU Audit Reform, Triad is required to conduct a selection process for the appointment of the external auditor every 10 years. Accordingly, the Audit Committee intends to undertake a selection process for the appointment of the external auditor for the financial year ending 31 March 2018 so as to ensure auditor independence and continued quality of judgement. The Board can confirm that there are no contractual obligations that restrict the Company's choice of external auditor.

Environment and greenhouse gas reporting

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

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group and Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare a Directors' Report, Strategic Report and Director's Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors confirm to the best of their knowledge:

- The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with the description of the principal risks and uncertainties that they face.

By order of the Board

Nick Burrows
Company Secretary
9 June 2017

Corporate governance report

The Board has considered the principles and provisions of the UK Corporate Governance Code 2014 ("the Code") applicable for this financial period. The following statement sets out the Group's application of the principles of the Code and the extent of compliance with the Code's provisions, made in accordance with the requirements of the Listing Rules.

The Board

The Directors who held office during the financial year were:

Executive Directors

John Rigg, Chairman

Nick Burrows, Finance Director

Adrian Leer, Commercial 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.

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

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

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

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

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

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

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

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

Alistair Fulton is the nominated senior independent non-executive Director. Steven Sanderson is a non-executive Director. Both have long standing industry experience and are free from any business or other relationship which could materially interfere with the exercise of thier independent judgement. The Board benefits from their experience and independence, when they bring their judgement to Board decisions. Alistair Fulton has been a non-executive Director for twenty years. Steven Sanderson has been a non-executive director for ten years. The Board considers that both continue to remain independent for the reasons stated above.

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

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

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

The following table shows the attendance of Directors at scheduled meetings of the Board and Audit and Remuneration Committees during the year ended 31 March 2017 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	11	2	4
Number of meetings attended			
Executive Directors:			
John Rigg (Chairman)	11	2	4
Nick Burrows	11	n/a	n/a
Adrian Leer	11	n/a	n/a
Non-executive Directors:			
Alistair Fulton	11	2	4
Steven Sanderson	9	2	4

Audit Committee

The members of the Audit Committee are shown above.

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

The Audit Committee is responsible for reviewing the Group's annual and interim financial statements and other announcements. It is also responsible for reviewing the Group's internal financial controls and its internal control and risk management systems. It considers the appointment and fees of 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 during, and active at the end of, the financial year to ensure revenue has been recognised correctly.

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

Meetings with auditors and senior finance team

The Audit Committee met with the senior finance team in advance of their meeting 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.

Corporate governance report

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 FRC 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 the audit partner 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.

In the future, to comply with new EU audit regulations, the Group will not be engaging Group's auditors for any non-audit work.

Appointment of external auditor

BDO LLP was appointed external auditor in 2006 following a tendering process. As explained on page 9, the Audit Committee intends to undertake a selection process for the appointment of the external auditor for the financial year ending 31 March 2018.

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. See also the note above in relation to fees for non-audit work.

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 FRC guidance on risk management, internal control and related financial and business reporting. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against misstatement or loss.

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

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

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

- Clearly documented procedures contained in a series of manuals covering Group operations and management, which are subject to internal project audit and external audit as well as regular Board review.
- An appropriate budgeting process where the business prepares budgets for the coming year, which are approved by the Board.
- Close involvement in the day to day management of the business by the executive Directors.
- Regular meetings between the executive Chairman, executive Director and senior managers to discuss and monitor potential risks to the business, and to implement mitigation plans to address them.

Corporate governance report

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.* John Rigg is the Executive Chairman. The Board currently has no plans to recruit a Chief Executive Officer as it considers that the duties are being satisfactorily covered by members of the Executive Board and the Group's senior management.

B.2.1/2.4 *There should be a nominations committee which should lead the process for board appointments and make recommendations to the board.* The Board considers that because of its size, the whole Board should be involved in Board appointments.

B.6 *The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.* There is a process of continuous informal evaluation, due to the small size of the Board.

B.2.3 *Non-executive directors should be appointed for specified terms subject to re-election.* Although not appointed for fixed terms, Non-executive Directors are subject to re-election in accordance with the Company's Articles of Association at the Annual General Meeting. Their contracts are subject to a notice period that does not exceed one month.

B.7.1 *Non-executive directors who have served longer than nine years should be subject to annual re-election.* The Board consider that because of its size, re-election by rotation in accordance with the Company's Articles of Association at the Annual General Meeting is sufficient.

By order of the Board

Nick Burrows
Company Secretary
9 June 2017

Directors' remuneration report

On the following pages we set out the Remuneration Report for the year ended 31 March 2017. The members of the Remuneration Committee are shown in the Corporate Governance Report on page 11.

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

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

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

Directors' remuneration policy

The remuneration policy sets out the framework within which the Company remunerates its Directors. The Company's remuneration policy was put to a shareholder vote at the 2016 Annual General Meeting of the Company and was approved by 100% of shareholders. There is no requirement to vote on the policy in 2017 unless any changes to the policy are proposed, and the Committee does not intend making any changes to the policy at this time.

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.

Directors' remuneration report

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

Policy table – non-executive Directors

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

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

Approach to recruitment remuneration

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

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

Directors' service contracts and policy

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

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

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. As with employees elsewhere in the Group there were no substantial increases 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 unanimous vote in favour of the approval of the Directors' Remuneration Report at the Annual General Meeting in August 2016.

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:

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

Directors' remuneration report

	2016			
Director	Basic salary & fees	Benefits in kind	Pension	**Total**
	£'000	£'000	£'000	**£'000**
Executive				
J C Rigg	25	–	–	**25**
N E Burrows	91	12	18	**121**
A Leer (appointed 3 March 2015)	99	8	9	**116**
Non-executive				
A M Fulton	25	–	–	**25**
S M Sanderson	20	–	–	**20**

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

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

No performance measures or targets were in place for either the year ended 31 March 2017, or any prior financial year, upon which any variable pay elements could become payable during the year.

Two Directors are members of a money purchase scheme into which the Group made contributions 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 2016	**31 March 2017**
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	**9,893**
A Leer	5,379	**5,379**

Directors’ remuneration report

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 07.08.08	25,000	-	(20,000)	5,000	14.0p	07.08.11 to 07.08.18
granted 23.09.11	100,000	-	-	100,000	13.5p	23.09.14 to 23.09.21
granted 18.09.14	25,000	-	-	25,000	11.0p	18.09.17 to 18.09.24
A Leer:						
granted 23.09.11	50,000	-	-	50,000	13.5p	23.09.14 to 23.09.21
granted 18.09.14	100,000	-	-	100,000	11.0p	18.09.17 to 18.09.24
	300,000	**-**	**(20,000)**	**280,000**		

155,000 share options were exercisable at the end of the year (2016: 175,000).

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

- 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 total share based payment expense recognised in the year in respect of Directors’ share options is £1,585 (2016: £1,585).

N E Burrows made a gain of £12,500 (2016: nil) on share options exercised during the year.

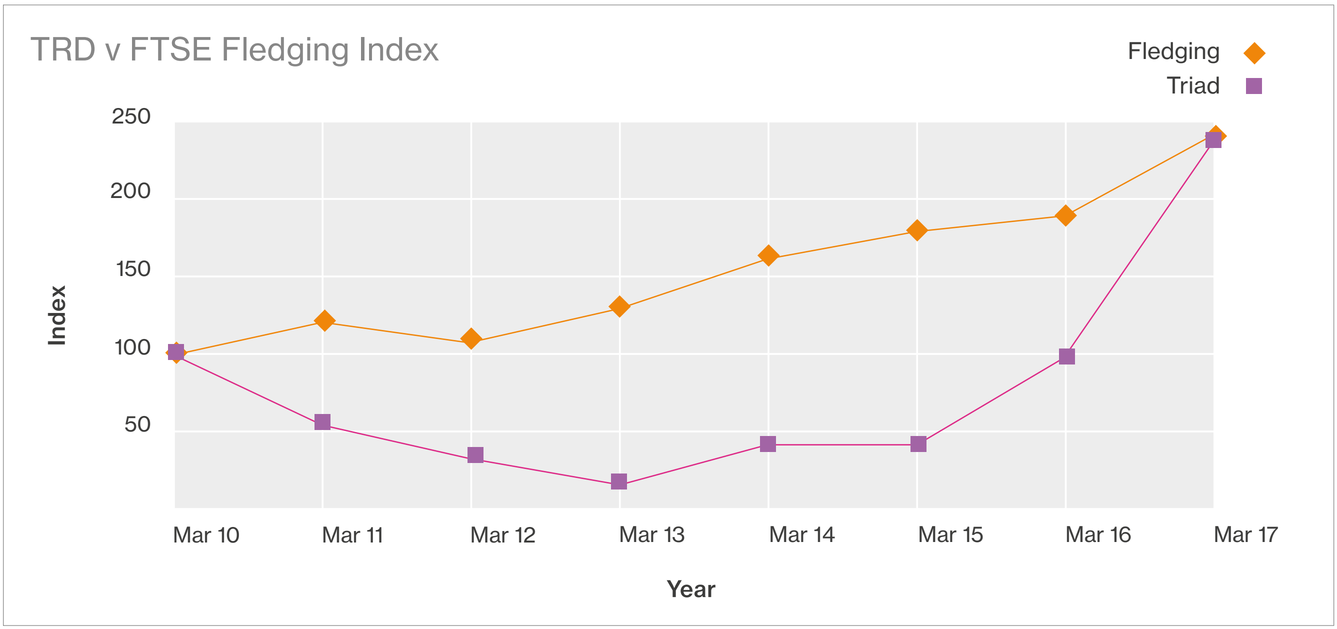
The market price of the Company’s shares was 68.00p at 31 March 2017 and the range during the year was between 24.75p and 85.50p.

Directors' remuneration report

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 Executive Chairman during the year.

Relative importance of spend on pay

The total dividends or other cash distributions to shareholders during the year was £nil (2016: £nil). The total employee remuneration (including directors) during the year was £3,613m (2016: £3.308m).

Consideration of matters related to directors' remuneration

During the financial year the remuneration committee met three times to consider directors' remuneration. No external advice was sought in relation to matters discussed at these meetings.

Statement of voting at last general meeting

At the last annual general meeting the Directors' Remuneration Report was approved with 99.9% of votes cast in favour of the resolution. There were 4,507,951 votes withheld. There was no vote on the directors' remuneration policy as the policy was unchaged from that last voted on by shareholders.

Alistair Fulton
Chairman, Remuneration Committee
9 June 2017

Independent auditors' report to the members of Triad Group Plc

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 2017 and of the Group's and Parent Company's profit for the year then ended;
- the Group and the Parent Company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 2017 comprise:

- The Group and Parent Company statement of comprehensive income;
- The Group and Parent Company statements of financial position;
- The Group and Parent Company statements of changes in equity;
- The Group and Parent Company statements of cash flows; 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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the 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.

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.

Our assessment of risks of material misstatement and overview of the scope of our audit

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

Our Group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements at the group level.

We set out below the risk that had the greatest impact on our audit strategy and scope. The Audit Committee's consideration of these matters is set out on page 11:

Risk of material misstatement	Our response to the risks identified
Revenue recognition	
Revenue is predominantly recognised on an approved timecard basis and we consider there to be a significant risk over the completeness of revenue at the year end due to missing or late timecards or contractor invoices.	Our procedures included understanding and testing the controls in respect of billing from approved timecards, the controls over invoicing and the resulting posting to the financial statements.
There is a presumed risk of fraud in relation to revenue recognition due to the possibility that management may be motivated to achieve certain results.	We tested a sample of approved timecards along with invoices raised either side of the balance sheet date and compared these to recorded revenue, accrued revenue and costs and deferred revenue. Furthermore we tested contractor purchase invoices around the year end to ensure they and the corresponding revenue invoices have been recorded in the correct period. We reviewed and considered journals posted to revenue during the year.

An overview of the scope of our audit

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

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

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

Our application of materiality

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

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

Performance materiality was set at seventy per cent of the above materiality level.

Materiality levels are not significantly different from those applied in the previous year.

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £6,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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.

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

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

Statement regarding the directors' assessment of principal risks, going concern and longer term viability of the company

We have nothing material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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.

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

Independent auditors' report to the members of Triad Group Plc

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' statements, set out on pages 4 and 8, in relation to going concern and in relation to longer-term viability; and
- the part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for review by the auditor in accordance with Listing Rule 9.8.10 R(2). We have nothing to report in respect of these matters.

Anna Draper (senior statutory auditor)
9 June 2017

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

Statements of comprehensive income and expense
for the year ended 31 March 2017

Group and Company	Note	2017 £'000	2016 £'000
Revenue		**30,912**	28,317
Cost of sales		**(25,912)**	(24,081)
Gross profit		**5,000**	4,236
Administrative expenses		**(3,453)**	(3,256)
Profit from operations	5	**1,547**	980
Finance expense	6	**(31)**	(118)
Finance income		**5**	1
Profit before tax		**1,521**	863
Tax credit	8	**13**	350
Profit for the year and total comprehensive income attributable to equity holders of the parent		**1,534**	1,213
Basic earnings per share	10	**10.08p**	8.01p
Diluted earnings per share	10	**9.55p**	7.72p

All amounts relate to continuing activities.

Statements of changes in equity for the year ended 31 March 2017

Group	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2015	151	562	104	22	839
Profit for the year and total comprehensive income	–	–	–	1,213	1,213
Share-based payments	–	–	–	4	4
At 1 April 2016	151	562	104	1,239	2,056
Profit for the year and total comprehensive income	–	–	–	1,534	1,534
Ordinary shares issued	4	43	–	–	47
Share-based payments	–	–	–	2	2
At 31 March 2017	**155**	**605**	**104**	**2,775**	**3,639**

Company	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2015	151	562	104	17	834
Profit for the year and total comprehensive income	–	–	–	1,213	1,213
Share-based payments	–	–	–	4	4
At 1 April 2016	151	562	104	1,234	2,051
Profit for the year and total comprehensive income	–	–	–	1,534	1,534
Ordinary shares issued	4	43	–	–	47
Share-based payments	–	–	–	2	2
At 31 March 2017	**155**	**605**	**104**	**2,770**	**3,634**

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

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

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

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

Statements of financial position at 31 March 2017

		Group		Company	
	Note	**2017**	2016	**2017**	2016
		£'000	£'000	**£'000**	£'000
Non-current assets					
Intangible assets	11	**8**	13	**8**	13
Property, plant and equipment	12	**134**	120	**134**	120
Deferred tax	8	**361**	350	**361**	350
		503	483	**503**	483
Current assets					
Trade and other receivables	14	**5,051**	4,683	**5,051**	4,683
Cash and cash equivalents	15	**2,248**	955	**2,248**	955
		7,299	5,638	**7,299**	5,638
Total assets		**7,802**	6,121	**7,802**	6,121
Current liabilities					
Trade and other payables	16	**(3,702)**	(3,496)	**(3,707)**	(3,501)
Financial liabilities	17	**(11)**	(7)	**(11)**	(7)
Short term provisions	18	**(405)**	(254)	**(405)**	(254)
		(4,118)	(3,757)	**(4,123)**	(3,762)
Non-current liabilities					
Financial liabilities	17	**(–)**	(11)	**(–)**	(11)
Long term provisions	18	**(45)**	(297)	**(45)**	(297)
		(45)	(308)	**(45)**	(308)
Total liabilities		**(4,163)**	(4,065)	**(4,168)**	(4,070)
Net assets		**3,639**	2,056	**3,634**	2,051
Shareholders' equity					
Share capital	19	**155**	151	**155**	151
Share premium account		**605**	562	**605**	562
Capital redemption reserve		**104**	104	**104**	104
Retained earnings		**2,775**	1,239	**2,770**	1,234
Total shareholders' equity		**3,639**	2,056	**3,634**	2,051

The financial statements on pages 24 to 42 were approved by the Board of Directors and authorised for issue on 9 June 2017 and were signed on its behalf by:

Nick Burrows
Director

Alistair Fulton
Director

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

Statements of cash flows for the year ended 31 March 2017

Group and company	Note	2017	2016
		£'000	£'000
Cash flows from operating activities			
Profit for the year before taxation Adjustments for:		**1,521**	863
Depreciation of property, plant and equipment		**60**	46
Amortisation/impairment of intangible assets		**5**	107
Interest expense		**4**	10
Finance income		**–**	–
Share-based payment expense		**2**	4
Changes in working capital			
Increase in trade and other receivables		**(367)**	(672)
Increase in trade and other payables		**205**	363
Decrease in provisions		**(101)**	(90)
Cash generated by operations		**1,329**	631
Interest paid		**(4)**	(10)
Tax received		**2**	–
Net cash flows from operating activities		**1,327**	621
Investing activities			
Purchase of intangible assets		**–**	(8)
Purchase of property, plant and equipment		**(74)**	(42)
Net cash used in investing activities		**(74)**	(50)
Financing activities			
Proceeds of issue of shares		**47**	–
Finance lease principal payments		**(7)**	(6)
Net cash flows from financing activities		**40**	(6)
Net increase in cash and cash equivalents		**1,293**	565
Cash and cash equivalents at beginning of the period		**955**	390
Cash and cash equivalents at end of the period	15	**2,248**	955

Notes to the financial statements for the year ended 31 March 2017

1. Principal accounting policies

Basis of preparation

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

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

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

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

Basis of consolidation

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

Property, plant and equipment

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

Depreciation is calculated 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.

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

Foreign currencies

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

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

Pension costs

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

Share-based payments

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

Provisions

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

New standards and interpretations

The Group has adopted with effect from 1 April 2016 certain mandatory new standards, amendments and interpretations. Adoption of these standards, amendments and interpretations did not have any impact on the results, cash flows or financial position of the Group or their presentation.

There are also certain standards, amendments and interpretations which have been issued but which are 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 15 'Revenue from Contracts' was published in May 2014 and will be effective for the Group from 1 April 2018, replacing IAS 18 'Revenue'. The standard specifies how and when to recognise revenue. The impact of future adoption of IFRS 15 is under review.

IFRS 16 'Leases' was published in January 2016 and will be effective for the Group from 1 April 2019, replacing IAS 17 'Leases' subject to EU endorsement. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset is of low value. The impact of future adoption of IFRS 16 is under review.

The Directors do not anticipate that the adoption of other 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. 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 18).

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 £2,000.

Were 50% of the vacant property to be let through to the end of the lease at a rent that was the same as the rent paid, this would increase net income and equity by £120,000.

Deferred tax asset

A deferred tax asset of £361,000 (2016: £350,000) has been recognised in accordance with the accounting policy on page 29. A deferred tax asset of £732,000 (2016: £1,081,000) has not been recognised due to the assumptions and judgments made by management on the certainty and timing of future profits.

3. Financial risk management

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

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

3.1 Financial risk factors

Foreign exchange risk

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

Group and company	Note	2017	2016
		£'000	£'000
Currency: Euros			
Net cash	15	**37**	47
Trade and other receivables	14	**25**	20
Trade and other payables	16	**(27)**	(24)
		35	43

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

Interest rate risk

The Group's interest rate risk arises from its borrowings, which are at a rate that fluctuates in relation to movements in bank base rate. This facility, as detailed in note 17, is secured by way of a debenture over all assets. At the year-end borrowing under this facility totalled £nil (2016: £nil).

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

A 1% change in interest rates would have changed net income and equity by £1,000 (2016: £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 £69,000 being 0.22% of revenue (2016: £12,000).

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

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

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

The Group's maximum exposure to credit risk is:

	Note	2017	2016
		£'000	£'000
Trade and other receivables	14	**4,048**	3,489
Accrued income	14	**757**	1,036
Cash and cash equivalents	15	**2,248**	955
		7,053	5,480

Liquidity risk

The Group's liquidity risk arises from its management of working capital. The Group has a facility to borrow an amount up to 90% of approved trade debtors subject to a maximum limit of £2.5m. The facility may be terminated by either party with one month's written notice. The Board receives regular cash flow and working capital projections to enable it to monitor its available headroom under this facility. At the 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 16 and 17.

Capital risk management

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

3.2 Fair value estimation

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

4. Revenue

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

53% (2016: 40%) of revenue was generated in the public sector. The largest single customer contributed 27% of Group revenue and was in the public sector. In 2016, the largest single customer contributed 24% of Group revenue and was in the private sector.

5. Profit from operations

	2017	2016
	£'000	£'000
Profit from operations is stated after charging:		
Depreciation of owned assets	**60**	46
Amortisation of intangible assets	**5**	38
Impairment of intangible assets	**–**	69
Operating leases for land and buildings	**489**	479
Other operating leases	**44**	50
Impairment of receivables	**69**	12
Auditors' remuneration:		
Audit of financial statements: Group and company	**53**	50
Taxation compliance services	**4**	5

6. Finance expense

	2017	2016
	£'000	£'000
Bank interest payable	**3**	8
Other interest payable	**1**	2
Total interest expense	**4**	10
Unwinding of discount on provisions	**27**	108
Total finance expense	**31**	118

7. Employees and directors

Group and company	2017 Number	2016 Number
Average number of persons (including executive Directors) employed		
Senior management	**5**	4
Fee earners	**27**	26
Sales	**13**	14
Administration and finance	**8**	8
	53	52

Staff costs for the above persons (including executive Directors)	2017 £'000	2016 £'000
Wages and salaries	**3,291**	3,040
Social security costs	**381**	358
Defined contribution pension costs	**320**	264
Equity settled share-based payments	**2**	4
	3,994	3,666

Directors	2017 £'000	2016 £'000
Emoluments	**299**	280
Money purchase pension contributions	**27**	27
	326	307

Two Directors (2016: two) had retirement benefits accruing under money purchase pension schemes.

8. Tax credit

	2017 £'000	2016 £'000
Current tax		
Current tax on profits for the year	**–**	–
Research and development tax credit relating to earlier period	**(2)**	–
Deferred tax		
Increased in recognised deferred tax asset	**(11)**	(350)
Total tax credit for the year	**(13)**	(350)

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

	2017 £'000	2016 £'000
Profit before tax	**1,521**	863
Profit before tax multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	**304**	173
Research and development tax credit relating to earlier period	**(2)**	–
Expenses not deductible for tax purposes	**8**	24
Brought forward losses utilised against taxable profits	**–**	(197)
Recognition of previously unrecognised deferred tax on losses	**(323)**	(350)
Tax credit for the year	**(13)**	(350)

	2017 £'000	2016 £'000
Deferred tax asset		
The movement is deferred tax is as follows:		
At beginning of the year	**350**	–
Utilisation against taxable profits	**(312)**	–
Recognition of previously unrecognised deferred tax on losses	**342**	316
(Decrease)/increase in relation to timing differences	**(15)**	34
Rate change	**(4)**	–
At end of the year	**361**	350

Deferred tax assets have been recognised in respect of tax losses where the Directors believe it is probable that the assets will be recovered. A deferred tax asset amounting to £732,000 (2016: £1,081,000) has not been recognised in respect of trading losses, which can be carried forward indefinitely.

9. Dividends

Dividend paid on equity shares during the year: nil (2016: nil)

Proposed final dividend on equity shares: 0.5p per share (2016: nil), totalling £77,448 (2016: nil). This dividend has not been accrued in the statements of financial position.

Subject to shareholder approval at the Annual General Meeting, the Company will pay the proposed dividend on Tuesday 7 September 2017 to all shareholders on the register of members of the Company at the close of business on 11 August 2017 (the "Record Date").

10. Earnings per ordinary share

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

	2017	2016
Profit for the year	**£1,534,000**	£1,213,000
Average number of shares in issue	**15,219,826**	15,149,579
Effect of dilutive options	**848,437**	554,919
Average number of shares in issue plus dilutive options	**16,068,263**	15,704,498
Basic earnings per share	**10.08p**	8.01p
Diluted earnings per share	**9.55p**	7.72p

11. Intangible assets

Group and Company	Purchased software £'000	Internally developed software £'000	Total £'000
Cost			
At 31 March 2015	264	1,110	1,374
Additions	8	–	8
At 31 March 2016	**272**	**1,110**	**1,382**
Additions	–	–	–
At 31 March 2017	**272**	**1,110**	**1,382**
Accumulated amortisation/impairment			
At 31 March 2015	255	1,007	1,262
Charge for the year	4	34	38
Impairment	–	69	69
At 31 March 2016	259	1,110	1,369
Charge for the year	5	–	5
At 31 March 2017	**264**	**1,110**	**1,374**
Net book value			
At 31 March 2017	**8**	**–**	**8**
At 31 March 2016	13	–	13

12. Property, plant and equipment

Group and company	Computer hardware £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 31 March 2015	302	706	42	1,050
Additions	29	13	–	42
At 31 March 2016	331	719	42	1,092
Additions	39	35	–	74
At 31 March 2017	**370**	**754**	**42**	**1,166**
Accumulated depreciation				
At 31 March 2015	256	650	20	926
Charge for the year	21	15	10	46
At 31 March 2016	277	665	30	972
Charge for the year	28	22	10	60
At 31 March 2017	**305**	**687**	**40**	**1,032**
Net book value				
At 31 March 2017	**65**	**67**	**2**	**134**
At 31 March 2016	54	54	12	120

The net carrying amount of property, plant and equipment includes £2,000 (2016: £12,000) in respect of assets held under finance leases.

13. Investments

Company

Investments are:

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

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

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

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

14. Trade and other receivables

Group and company	2017	2016
	£'000	£'000
Trade receivables	**4,081**	3,507
Less: provision for impairment of trade receivables	**(33)**	(18)
Trade receivables-net	**4,048**	3,489
Accrued income	**757**	1,036
Trade and other receivables	**4,805**	4,525
Prepayments	**246**	158
	5,051	4,683

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 2017 trade receivables of £1,011,000 (2016: £603,000) were past due but not impaired. They relate to customers with no default history. The total number of customer ledger balances at 31 March 2017 was 51 (2016: 65). The ageing analysis of these receivables is as follows:

Group and company	2017	2016
	£'000	£'000
Up to 30 days past due	**722**	518
30 to 60 days past due	**136**	63
Over 60 days past due	**153**	22
	1,011	603

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

Group and company	2017	2016
	£'000	£'000
At beginning of the year	**18**	28
Charged to income statement	**67**	12
Credited to income statement	**–**	(22)
Written off during the year	**(52)**	–
At end of the year	**33**	18

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

Group and company	2017	2016
	£'000	£'000
Sterling	**4,780**	4,505
Euros	**25**	20
	4,805	4,525

15. Cash and cash equivalents

Group and company	2017	2016
	£'000	£'000
Cash available on demand	**2,248**	955

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	2017	2016
	£'000	£'000
Sterling	**2,211**	908
Euros	**37**	47
	2,248	955

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

16. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade payables	**2,568**	1,945	**2,568**	1,945
Accruals	**652**	968	**652**	968
Owed to subsidiary	**–**	–	**5**	5
	3,220	2,913	**3,225**	2,918
Deferred income	**82**	109	**82**	109
Other taxation and social security	**400**	474	**400**	474
	3,702	3,496	**3,707**	3,501

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

	Group		Company	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Up to 3 months	**2,698**	2,637	**2,703**	2,642
3 to 6 months	**151**	156	**151**	156
6 to 12 months	**371**	120	**371**	120
	3,220	2,913	**3,225**	2,918

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	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Sterling	**3,193**	2,889	**3,198**	2,894
Euros	**27**	24	**27**	24
	3,220	2,913	**3,225**	2,918

17. Financial liabilities

Group and company	**2017**	2016
	£'000	£'000
Current		
Finance lease obligations	**11**	7
Non-current		
Finance lease obligations	**–**	11

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

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

Bank borrowings are in the form of a receivables finance facility to borrow an amount up to 90% of approved trade debtors subject to a maximum limit of £2.5m. This facility is secured by way of a debenture over all the assets of the Group. Bank borrowings are repayable upon demand. The balance at the year end was nil (2016: nil).

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

18. Provisions

Group and company	Provision for vacant properties	Provision for property dilapidation	Other provision	Total
	£'000	£'000	£'000	**£'000**
At 1 April 2016	465	86	–	**551**
Charged to income statement	–	25	115	**140**
Utilised in year	(252)	(16)	–	**(268)**
Unwinding of discount: passage of time (note 6)	27	–	–	**27**
At 31 March 2017	240	95	115	**450**

The discount rate applied in the calculation of the provision for vacant properties is 5.95% (2016: 5.84%).

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

Group and company	Provision for vacant properties	Provision for property dilapidation	Other provision	Total
	£'000	£'000	£'000	**£'000**
Current	240	50	115	**405**
Non-current	–	45	–	**45**
	240	95	115	**450**

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 2017 is as follows:

Group and company	2017	2016
	£'000	£'000
In one year or less	**240**	238
In more than one year, but not more than 2 years	**–**	227
	240	465

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

19. Share capital

	2017	2016
Ordinary shares of 1p each		
Issued, called up and fully paid:		
Number	**15,489,579**	15,149,579
Nominal value	**£154,896**	£151,496

During the year 340,000 1p ordinary shares were issued as a result of the exercise by employees of share options:

Number	Option price	share capital	share premium
55,000	14.0p	£550	£7,150
285,000	13.5p	£2,850	£35,625
340,000		**£3,400**	**£42,775**

20. Share-based payments

At 31 March 2017, 878,000 options granted under employee share option schemes remain outstanding:

Date option granted	Number	Exercise price	Period options exercisable
7 August 2008	78,000	14.0p	7 August 2011 to 7 August 2018
23 September 2011	420,000	13.5p	23 September 2014 to 23 September 2021
18 September 2014	380,000	11.0p	18 September 2017 to 18 September 2024

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

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

The options outstanding at 31 March 2017 had a weighted average remaining contractual life of 5.5 years (2016: 6.1 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 (2016: nil).

The total expense recognised in the year is £2,000 (2016: £4,000).

A reconciliation of option movements over the year to 31 March 2017 is shown below:

	2017		2016	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		Pence		Pence
Outstanding at start of year	**1,268,000**	**12.8**	1,476,000	17.4
Exercised	**(340,000)**	**13.6**	–	–
Forfeited	**(50,000)**	**12.6**	(32,000)	15.5
Lapsed	**–**	**–**	(176,000)	51.5
Outstanding at end of year	**878,000**	**12.5**	1,268,000	12.8
Exercisable at end of year	**498,000**	**13.6**	868,000	13.6

There were 340,000 options exercised during the year. The above figures include options held by Directors which are set out in the Directors' Remuneration Report on page 18.

21. Commitments

The Group and Company had capital commitments totalling £nil at 31 March 2017 (31 March 2016: £nil).

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

	2017	2016
	£'000	£'000
Not later than 1 year	**518**	552
Later than 1 year and no later than 5 years	**164**	685
	682	1,237

22. Related party transactions

The Group and Company rents two of its offices under contracts expiring in 2018. The current annual rents of £395,000 were fixed, by independent valuation, at the last rent review in 2008. JC Rigg, a Director, has notified the Board that he has a 50% beneficial interest in these contracts. The balance owed at the year end was £nil (2016: £nil).

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

Five year record

Consolidated income statement

Years ended 31 March	**2017**	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Revenue	**30,912**	28,317	23,482	19,702	18,880
Gross profit	**5,000**	4,236	3,325	2,863	2,704
Profit before tax	**1,521**	863	352	11	28
Tax credit	**13**	350	–	–	–
Profit after tax	**1,534**	1,213	352	11	28
Retained profit for the financial year	**1,534**	1,213	352	11	28
Basic earnings per share (pence)	**10.08**	8.01	2.32	0.07	0.18

Balance sheet

As at 31 March	**2017**	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Non-current assets	**503**	483	236	210	233
Current assets	**7,299**	5,638	4,401	3,544	3,343
Current liabilities	**(4,118)**	(3,757)	(3,387)	(2,705)	(2,513)
Non-current liabilities	**(45)**	(308)	(411)	(570)	(665)
Net assets	**3,639**	2,056	839	479	398
Share capital	**155**	151	151	151	151
Share premium account	**605**	562	562	562	562
Capital redemption reserve	**104**	104	104	104	104
Retained earnings	**2,775**	1,239	22	(338)	(419)
Equity shareholders' funds	**3,639**	2,056	839	479	398

Shareholders' information and financial calendar

Share register

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

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

Telephone: 0870 6015366

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

Shareholders' enquiries

If you have an enquiry about the Group's business, or about something affecting you as a shareholder (other than queries 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: 01908 860222

Email: investors@triad.co.uk

Website: www.triad.co.uk

Financial calendar

Annual General Meeting	23 August 2017
Final dividend: payment date	7 September 2017
Final dividend: record date	11 August 2017

Financial year ended 31 March 2018: expected announcement of results

Half year	November 2017
Full year	June 2018

Corporate information

Executive Directors

John Rigg, Chairman

Nick Burrows

Adrian Leer

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:	01908 860222
Email:	investors@triad.co.uk
Website:	www.triad.co.uk

Country of incorporation and domicile of parent company

United Kingdom

Legal form

Public limited company

Company number

2285049

Registered Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Brokers

Arden Partners plc
125 Old Broad Street
London
EC2N 1AR

Solicitors

Freeths
Davy Avenue
Knowlhill
Milton Keynes
MK5 8HJ

Bankers

Lloyds Bank plc
City Office
11–15 Monument Street
London
EC3V 9JA

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Godalming office:

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Catteshall Lane
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Milton Keynes office:

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