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TRIAD GROUP PLC
Annual Report
for the year ended 31 March 2013

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TRIAD GROUP PLC

Annual Report

for the year ended 31 March 2013

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Chairman's statement

Dr John Rigg, Executive Chairman

Financial highlights

- Revenue for the year ended 31 March 2013 £18.9m (2012 £19.4m)
- Operating profit £0.14m (2012 £0.04m)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) £0.2m (2012 £0.3m)
- Profit after tax £0.03m (2012 £0.20m)
- Gross profit as a percentage of revenue 14.3% (2012 16.7%)

Business performance

The Group's performance for the financial year ended 31 March 2013, whilst being steady, reflects the tough conditions in the marketplace, with budgets for technology spending remaining under severe pressure in many of our key operating areas. Nevertheless, there are signs of the situation improving and that, combined with a number of measures we have taken internally, gives us cause to be cautiously optimistic about the next financial year.

Revenue has decreased to £18.9m (2012 £19.4m) primarily due to a decline in public sector activity in the resourcing business. At the level of operating profit, the Group reports a small increase in operating profit to £0.14m (2012 £0.04m). Earnings before interest, tax, depreciation and amortisation (EBITDA) has fallen slightly to £0.2m (2012 £0.3m). The Group reports a profit after tax of £0.03m (2012 £0.2m).

Gross margin has fallen to 14.3% (2012 16.7%) as a result of continuing pressure on margins in the Resourcing business. Margins have also been impacted by fluctuating utilisation levels in the Consulting business throughout the year.

The year end cash balance improved to £0.3m (2012 net borrowings of £0.5m). Cash management and credit control continue to be tightly managed.

Efforts continue to strengthen the business through the development and leverage of the Group's service offering. Significant improvements have also been made to supporting processes and systems.

Operating review

Resourcing

Despite the challenges of a highly competitive market, we have enjoyed some notable achievements during the year. We have been re-appointed for a further two years as a Tier 1 supplier to the operational and infrastructure support business of one of the UK's largest banking organisations. Our Geographic Information Systems unit continues to supply significant numbers of specialists to some of the country's leading GIS providers. Our Digital team has developed a reputation for excellence in the field of e-learning, including the supply over 30 e-learning professionals to one of the world's major players in this emerging field.

Our Permanent Resourcing business has continued to grow its client base, which includes a number of blue chip clients. This service is complementing our contract resourcing services and providing a one stop shop for a number of our existing clients.

A key focus within the Resourcing business is to manage the portfolio to maximise yield and margin, recognising that higher margin work comes with higher expectations of service and added value from our clients. To this end, we are leveraging the Group's wider capability and expertise.

Consulting & solutions

Our Consulting & Solutions business has been through an extensive programme of development to ensure that its services continue to align tightly with the needs of modern businesses. Considerable focus has been placed on gaining a deep understanding of new and existing clients through the application of structured business discovery processes. This is already uncovering new opportunities and improving our ability to forecast future demand.

Notable successes in the year for Consulting & Solutions include achieving framework partner status with one of the UK's leading consumer services organisations, with two projects already completed.

More new clients, many of which are household names, have been secured from sectors including tourism, engineering, B2B services and the voluntary sector. Assignments have included high level strategic consultancy through to the design and development of bespoke software solutions.

The Zube Location Intelligence platform remains a cornerstone of our Insights practice, enabling us to secure new clients in the period as well as retaining major clients whose businesses use it on a daily basis.

Increasingly, we are seeing more demand for intra and inter-business collaboration, including the mobilisation of data and processes, and the dissemination of management information and business intelligence. We have implemented a number of such projects using products from Microsoft, such as SharePoint and their Business Intelligence package. We have successfully delivered a number of projects using the Agile methodology and we find this can be very effective in the appropriate situation.

Business Model

The Group provides services in the areas of contract and permanent IT resourcing, and the provision of IT consultancy and solutions, incorporating location intelligence services. The Group operates from the United Kingdom, with offices in Milton Keynes and Godalming.

The contract resourcing business earns fees from the provision of independent contractors on a time hire basis to clients. Contractors are paid on the same basis at a lower rate. The difference in client and contractor fee rates generates gross profit. The permanent resourcing business sources and selects candidates for permanent positions with clients. A fee is earned from our client when they successfully recruit a candidate.

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

Strategy & Outlook

Going forwards, we are looking to leverage our capability across the Group to create a much stronger trading platform. We have recently received approval on the Government's latest iteration of the Cloud Store (g-cloud iii) and this exposes a comprehensive suite of Triad services that we can offer group wide. This provides Triad with a direct route to market for Government clients, a sector where we have always been very successful.

We have significantly streamlined our management structure to create, for the first time, a unified approach to business development across the Group. This will actively exploit group synergy where it is appropriate to the needs of the client.

Our key areas of specialization will include Digital and Mobile, Insights (including business intelligence, Zubeo location intelligence, and customer analytics), and Collaboration (primarily using SharePoint as a platform).

Our Agile practice will concentrate on providing advice and delivery services to clients, particularly in the Government arena where we are seeing increasing and significant demand.

Our message always revolves around Triad's ability to deliver business results for clients through the careful implementation of technology-based solutions. We find that our clients really appreciate this "business first, technology second" mind set and it certainly helps us to stay focused on realising true value from a client's investment.

Our strategy includes working with a few carefully chosen partners. We have enjoyed considerable success in Government working with Actica Consulting as their chosen delivery partner. This partnership has created significant consulting and delivery opportunities across a number of Government agencies. We have also

expanded our business intelligence footprint by becoming implementation partners for Board UK. Board is an emerging BI and corporate performance management platform recognized by Gartner, and its capability fits extremely well with Triad's consultative model.

We anticipate that the significant work already undertaken in terms of restructuring and developing our service models and honing our routes to market will provide the impetus required for solid performance over the next two to three years.

Employees

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

John Rigg
Chairman
13 June 2013

Financial review

Nick Burrows, Finance Director

Operating segments

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

Resourcing

Revenue for the financial year to 31 March 2013 has decreased to £16.0m (2012 £16.7m). There has been a continuing decline in the renewal of public sector contracts with, until recently, limited scope to generate new opportunities. It is expected that Triad's recent inclusion on the Government Cloud store will help to address this decline.

The segment reports an operating profit of £0.4m (2012 £0.6m profit).

Consulting & Solutions

Revenue in the Consulting & Solutions segment has increased slightly to £2.9m (2012 £2.7m).

The segment reports a reduced operating loss before exceptional items of £0.4m (2012 £0.6m loss). Profitability continues to be impacted by fluctuating consultant utilisation which remains a key area for management attention.

Overheads

Excluding exceptional items, administrative expenses have decreased by 16.5% to £2.7m (2012 £3.2m). This is mainly due to a reduction in intangible asset amortisation to £0.03k (2012 £0.21k). See note 12.

Staff costs have reduced by 2.3% to £3.6m (2012 £3.7m). The average headcount for the year has reduced slightly to 65 (2012 66).

Exceptional Items

An exceptional credit of £0.16m has been recognised in the year in respect of a reduction in the vacant property provision as a result of an agreement with the landlords for a one year rent holiday commencing 25 June 2013. See note 5.

Cash flows

Cash reserves at 31 March 2013 stood at £0.3m (2012 net cash borrowing of £0.5m). There was a net cash inflow from operating activities of £0.8m (2012 £0.3m). The net cash outflow from investing activities was £0.02m (2012 £0.03m).

Intangible assets

The useful economic life of internally developed software relating to Zubed has been reassessed and at the year end is estimated to be a further five years. The effect of this change in accounting estimate is that the amortisation charge for the current year and each of the remaining years is £34,000. Had this change not been implemented the charge for the current year would have been £205,000. There were no development costs capitalised during the year (2012: £nil).

Tax Credit

In the year ended 31 March 2012 a tax credit of £277,000 was recognised relating to research and development expenditure on Zubed. This was paid, in full, by HMRC during the year. There have been no such claims made by the Group in the year ended 31 March 2013.

Share Options

There were no options granted during the year. An expense of £10,000 has been recognised in the year relating to options granted in September 2011.

Nick Burrows
Finance Director

13 June 2013

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2013

Principal activities

The principal activities of the Group during the year were that of resourcing, consultancy, software and systems delivery, and location intelligence

Review of business

A review of the Group's business and future developments is contained within the Chairman's statement on page 1 and the Financial Review on page 5. The financial results of the Group are set out in the statement of comprehensive income and expense on page 24 of these financial statements. The key measures used by the Group to monitor its performance are discussed below. The review of business does not contain information about environmental matters and social and community issues.

Key performance indicators

Financial and non-financial key performance indicators (KPIs) used by the Board to monitor progress are revenue, operating profit, gross margin, net borrowings and headcount. Financial KPIs are discussed in more detail in the Chairman's Statement on page 1.

These KPIs are summarised below,

	2013	2012
Revenue	£18,880,000	£19,447,000
Operating profit	£138,000	£37,000
Gross margin	14.3%	16.7%
Net cash/(borrowings) at 31 March	£283,000	£(497,000)
Headcount	65	66

Principal risks and uncertainties

As with any business in the UK IT services market the Group faces a number of principal risks and uncertainties. These are summarised as follows,

General economic uncertainty

Like many businesses Triad is at risk of being affected by the continued uncertainty over future economic conditions and the level of public sector expenditure. The Board continually monitors the current and potential impact on the markets in which the Group operates and the Group's liquidity risk.

IT services market

The demand for IT services is affected by UK market conditions. The continual development

of the Group's business into new niches and sectors is important in protecting the Group from fluctuations in market conditions

Revenue visibility

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

Offshore competition

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

Availability of staff

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

Corporate governance

The Company's compliance with the UK Corporate Governance Code (2010) ("the Code") is disclosed in the Corporate Governance Report on page 14, and this is incorporated into the Report of the Directors by reference.

Forward-looking statements

The Chairman's Statement and Operating Review contain 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.

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.

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 Chairman's Statement on page 1. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chairman's statement on page 1, the Financial Review on page 5, and in note 18 to the financial statements. In addition note 3 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk. As highlighted in note 18 to the financial statements, the Group meets its day to day working capital requirements through an invoice finance facility.

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

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

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.

Dividends

The Directors have neither declared an interim dividend nor do they recommend that a final dividend be paid in respect of the year ended 31 March 2013 (2012 nil per 1p ordinary share).

Takeovers directive

The following disclosures are made following the implementation of the EU Takeovers Directive into UK law and where such required information is not already provided elsewhere in this report.

Share capital

As at 31 March 2013, the Company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the ordinary share capital can be found in note 20 to these financial statements.

Voting rights

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

Transfer of shares

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

- The Board may, in its absolute discretion, and without giving any reason for its decision, refuse to register any transfer of a share which is not fully paid up (but not so as to prevent dealing in listed shares from taking place) and on which the Company has a lien. The Board may also refuse to register any transfer unless it is in respect of only one class of shares, in favour of no more than four transferees, lodged at the Registered

office, or such other place as the Board may decide, for registration, accompanied by a certificate for the shares to be transferred (except where the shares are registered in the name of a market nominee and no certificate has been issued for them) and such other evidence as the Board may reasonably require to prove the title of the intending transferor or his right to transfer the shares

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

- Insider trading laws, and
- The Listing Rules of the Financial Services Authority whereby certain employees of the Group require the approval of the Company to deal in the Company's ordinary shares

Appointment and replacement of directors

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

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

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

Amendment of the Company's Articles of Association

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

Charitable donations

The Group made charitable contributions of £200 (2012 £nil)

Creditor payment policy

The Group's current policy concerning the settlement of debts is to make payments to creditors in accordance with agreed terms The Group's average creditor payment period at 31 March 2013 was 32 days (2012 29 days)

Substantial shareholdings

In addition to the disclosure on page 20 of the interests of Directors who held office at the end of the financial year, the Company has been notified of the following holdings of 3% or more of the share capital of the Company at 31 March 2013 and 1 June 2013

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

Employment policies

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

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

Research and development activity

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

Auditors

A resolution to reappoint BDO LLP as auditors of the Company will be proposed at the next Annual General Meeting.

Directors

The Directors who held office during the financial year were

Executive Directors

John Rigg, Chairman

Nick Burrows, Group Finance Director

Independent non-executive Directors

Alistair Fulton, senior independent non-executive Director

Steven Sanderson

Biographical details of the present Directors of the Company are shown below.

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

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

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

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

Directors' emoluments are set out in the Remuneration Report on page 20 and are summarised in note 8 to the financial statements. Directors' interests in shares are given in the Remuneration Report on page 20.

Directors' interests in contracts

Directors' interests in contracts are shown in note 23 to the accounts.

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.

Statement of Directors' Responsibilities

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

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

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,

- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements,
- prepare a Director's Report 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.

Website publication

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.

Directors' responsibilities pursuant to DTR4

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 a description of the principal risks and uncertainties that they face

By order of the Board



NE Burrows
Company Secretary
13 June 2013

Corporate governance report

The Board has considered the principles and provisions of the UK Corporate Governance Code (2010) ("the Code") as set out in the Financial Services Authority's Listing Rules and applicable for this financial period. The following statement sets out the Group's application of the principles of the Code and the extent of compliance with the Code's provisions, made in accordance with the requirements of the Listing Rules.

Board composition and structure

At the date of this Report the Board has four members: the executive Chairman, one executive Director and two independent non-executive Directors.

The Board exercises full and effective control of the Group.

The Board 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 held, and continues to hold, no significant commitments outside the Group.

Alistair Fulton is the nominated senior independent non-executive Director. He has long standing industry experience. He is also free from any business or other relationship which could materially interfere with the exercise of his independent judgement. The Board benefits from this experience and independence, when he brings his individual judgement to Board decisions. He has been a non-executive Director for twelve years but the Board consider that he continues to remain independent for the reasons stated above.

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

The Executive Chairman and the non-executive Directors are subject to a notice period of one month.

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.

Audit Committee

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 believe that John Rigg and Steven Sanderson, both Chartered Accountants with broad experience of the IT industry, and Alistair Fulton, who has been a Director of companies in the IT sector for over 20 years, have recent and relevant financial experience, as required by the Code.

The Audit Committee is responsible for reviewing the Group's annual and interim financial statements and other announcements. It is also responsible for reviewing the Group's internal financial controls and its internal control and risk management systems.

It considers the appointment and fees of external auditors, and discusses the audit scope and findings arising from audits. BDO LLP has confirmed to the Audit 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 Audit 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.

The Committee is also responsible for assessing the Group's need for an internal audit function.

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

Remuneration Committee

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.

Its key role is to determine executive Directors' remuneration. Details of how the aspects of the Code relating to Directors' remuneration are applied are disclosed in the Directors' Remuneration Report on page 18.

Terms of reference

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

Board attendance

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 2013 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	10	1	1
Number of meetings attended			
Executive Directors:			
John Rigg (Chairman)	10	1	1
Nick Burrows	10	n/a	n/a
Non-executive Directors:			
Alistair Fulton	10	1	1
Steven Sanderson	10	-	1

Accountability and audit

Going concern

After making appropriate inquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. See Directors' Report on page 8

Internal controls and risk management

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

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

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

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

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

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

Statement of compliance

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

- A 2 1 *The roles of chairman and chief executive should not be exercised by the same individual* Triad's former Chief Executive, Ian Haynes, resigned as a director on 19 November 2010. There are currently no plans to recruit a replacement, given the need to minimise costs in the current environment. Moreover, the duties are being satisfactorily covered by members of the Executive Board and the Group's senior management. John Rigg is the Executive Chairman.
- B2 1/2 4 *There should be a nominations committee which should lead the process for board appointments and make recommendations to the board* The Board considers that because of its size, the whole Board should be involved in Board appointments.
- B 6 *The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors* There is a process of continuous informal evaluation, due to the small size of the Board.
- B 2 3 *Non-executive directors should be appointed for specified terms subject to re-election* Although not appointed for fixed terms, Non-executive Directors are subject to re-election in accordance with the Company's Articles of Association at the Annual General Meeting. Their contracts are subject to a notice period that does not exceed one month.
- B 7 1 *Non-executive directors who have served longer than nine years should be subject to annual re-election* The Board consider that because of its size, re-election by rotation in accordance with the Company's Articles of Association at the Annual General Meeting is sufficient.

By order of the Board



NE Burrows
Company Secretary
13 June 2013

Directors' remuneration report

Unaudited information

Remuneration committee

The Remuneration Committee has, during the year, been comprised of the Executive Chairman and the independent non-executive Directors. These are

A M Fulton (Chairman of the Remuneration Committee)

J C Rigg

S M Sanderson

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.

Remuneration policy

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 executive Directors, the Remuneration Committee considers 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.

The resultant remuneration packages for full time executive Directors comprise the following elements:

- a competitive basic salary,
- contributions to personal pension schemes or a cash alternative,
- employment related benefits including the provision of a company car or car allowance, life assurance and medical assurance,
- discretionary share options, and
- discretionary performance-related remuneration.

It is the Group's policy to contribute to the personal pension scheme of each executive Director. A Director may elect to receive an equivalent cash alternative.

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.

In setting the Executive Directors' remuneration the Committee takes into account the pay and employment conditions applicable across the Group in the reported period. In common with the fact that there were no general pay increases for employees elsewhere in the Group, no increases were made in the period to Directors' remuneration terms since the prior year.

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

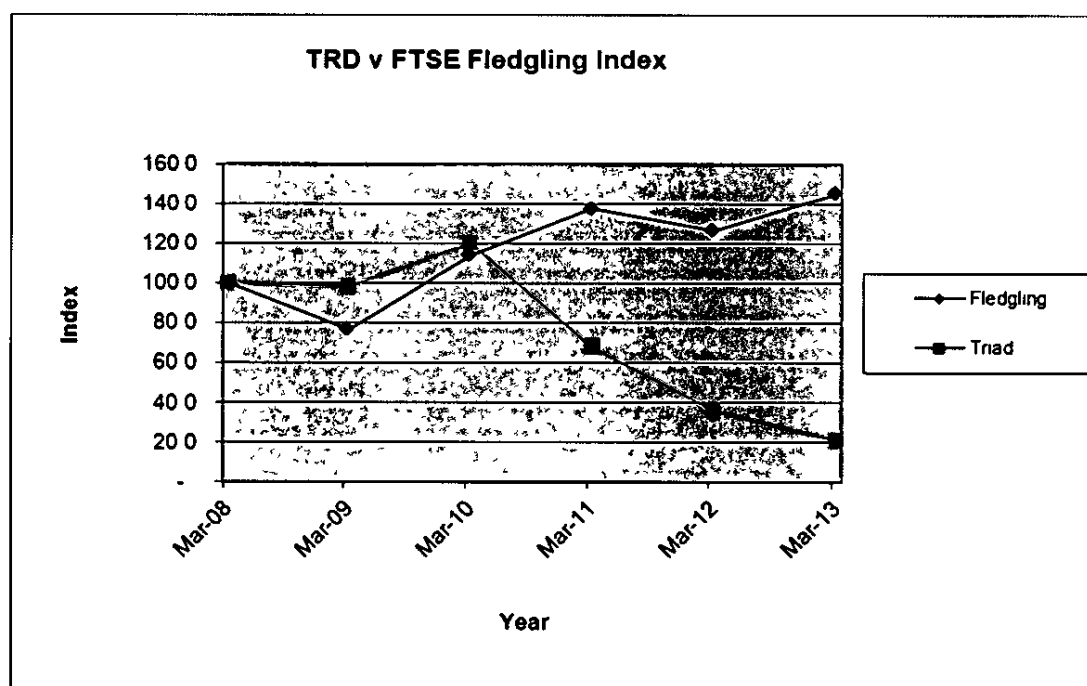
- executive Directors should have contracts with an indefinite term providing for a maximum of six months notice by either party.

- 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

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

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.



Directors' contracts

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

	Date of contract	Notice period
J C Rigg	01/07/1999	1 month
A M Fulton	19/02/1997	1 month
S M Sanderson	01/01/2007	1 month
N E Burrows	19/10/2009	6 months

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

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 2012	31 March 2013
A M Fulton	354,100	354,100
J C Rigg	4,509,400	4,509,400
S M Sanderson	104,089	104,089
N E Burrows	7,893	7,893

Audited information

Directors' emoluments

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

Director	Basic salary and fees £'000	Discretionary bonus £'000	Benefits in kind £'000	2013 Total £'000	2012 Total £'000
Executive					
J C Rigg	25	-	-	25	25
N E Burrows	89	-	11	100	105
Non-executive					
A M Fulton	25	-	-	25	25
S M Sanderson	20	-	-	20	20
	<u>159</u>	<u>-</u>	<u>11</u>	<u>170</u>	<u>175</u>

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

Directors' pension entitlements are shown on page 21

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 25 09 02	15,000	-	(15,000)	-	26 5p	25 09 05 to 25 09 12
granted 07 03 06	20,000	-	-	20,000	51 5p	07 03 09 to 07 03 16
granted 07 08 08	25,000	-	-	25,000	14 0p	07 08 11 to 07 08 18
granted 23 09 11	100,000	-	-	100,000	13 5p	23 09 14 to 23 09 21
	<u>160,000</u>	<u>-</u>	<u>(15,000)</u>	<u>145,000</u>		

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

- The performance requirement in relation to the options granted in 2002, 2006 and 2011 is that the Group shall have achieved positive earnings per share in any financial year commencing at least one year after the date of grant of the option. This performance requirement is the same as that applying to employee share options granted at the same time.
- The performance requirement in relation to the options granted in 2008 is that if, but only if, the total Earnings per Share of the Group in the period of the three years ending 31 March 2011 exceeds 9.5p per share, and the amount of Earnings per Share for each of those years is a positive amount, then an Option shall become exercisable in respect of 50% of the shares over which it subsists. If, but only if, the total Earnings per Share of the Group in the period of three years ending 31 March 2011 exceeds 19p per share, and the amount of Earnings per Share for each of those years is a positive amount, then an Option shall become exercisable in respect of 100% of the shares over which it subsists.

The total share based payment expense recognised in the year in respect of Directors' share options is £1,556 (2012 £814)

The market price of the Company's shares was 6p at 31 March 2013 and the range during the year was between 5p and 11p

Directors pension entitlement

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

	2013 £'000	2012 £'000
N E Burrows	16	14

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

Long term incentive scheme

The Group does not operate a long term incentive scheme

Compliance

This report has been prepared in accordance with the UK Corporate Governance Code (2010) and with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The report also meets the relevant requirements of the Financial Services Authority's Listing Rules and describes how the Board has applied the Principles of Good Governance relating to Directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting.

By order of the Board



NE Burrows
Company secretary

13 June 2013

Independent auditors' report to the members of Triad Group Plc

We have audited the financial statements of Triad Group Plc for the year ended 31 March 2013 which comprise the Group and Parent Company statements of comprehensive income and expense, the Group and Parent Company statements of changes in equity, the Group and Parent Company statements of financial position, the Group and Parent Company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on 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 2013 and of the Group's and the Parent Company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with 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.

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,
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the information given in the Corporate Governance Statement set out on pages 14 to 17 of the annual report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the 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, or
- a Corporate Governance Statement has not been prepared by the Company

Under the Listing Rules we are required to review

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



David Eagle (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date 13 June 2013

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

**Statements of comprehensive income and expense
for the year ended 31 March 2013**

Group and Company	Note	2013 £'000	2012 £'000
Revenue		18,880	19,447
Cost of sales		<u>(16,176)</u>	<u>(16,208)</u>
Gross profit		2,704	3,239
Administrative expenses	5	<u>(2,566)</u>	<u>(3,202)</u>
(Loss)/profit from operations before exceptional item		(25)	37
Exceptional administrative credit change in surplus property provision	19	<u>163</u>	-
Profit from operations	6	138	37
Profit from operations	6	138	37
Finance income	7	2	-
Finance expense	7	<u>(112)</u>	<u>(113)</u>
Profit/(loss) before tax		28	(76)
Income tax credit	9	-	277
Profit for the year and total comprehensive income attributable to equity holders of the parent		<u>28</u>	<u>201</u>
Basic earnings per share	11	<u>0.18p</u>	<u>1 33p</u>
Diluted earnings per share	11	<u>0.18p</u>	<u>1 33p</u>

All amounts relate to continuing activities

**Statements of changes in equity
for the year ended 31 March 2013**

Group

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2011	151	562	104	(664)	153
Profit for the year and total comprehensive income	-	-	-	201	201
Share-based payments	-	-	-	6	6
At 1 April 2012	151	562	104	(457)	360
Profit for the year and total comprehensive income	-	-	-	28	28
Share-based payments	-	-	-	10	10
At 31 March 2013	151	562	104	(419)	398

Company

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2011	151	562	104	(669)	148
Profit for the year and total comprehensive income	-	-	-	201	201
Share-based payments	-	-	-	6	6
At 1 April 2012	151	562	104	(462)	355
Profit for the year and total comprehensive income	-	-	-	28	28
Share-based payments	-	-	-	10	10
At 31 March 2013	151	562	104	(424)	393

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 2013**

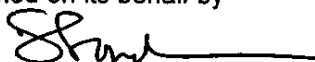
Registered number: 2285049

	Note	Group 2013 £'000	2012 £'000	Company 2013 £'000	2012 £'000
Non-current assets					
Intangible assets	12	207	262	207	262
Property, plant and equipment	13	26	29	26	29
		<u>233</u>	<u>291</u>	<u>233</u>	<u>291</u>
Current assets					
Trade and other receivables	15	3,060	4,166	3,060	4,166
Tax receivable	9	-	277	-	277
Cash and cash equivalents	16	283	48	283	48
		<u>3,343</u>	<u>4,491</u>	<u>3,343</u>	<u>4,491</u>
Total assets		<u>3,576</u>	<u>4,782</u>	<u>3,576</u>	<u>4,782</u>
Current liabilities					
Trade and other payables	17	(2,399)	(2,694)	(2,404)	(2,699)
Bank borrowings	18	-	(545)	-	(545)
Short term provisions	19	(114)	(235)	(114)	(235)
		<u>(2,513)</u>	<u>(3,474)</u>	<u>(2,518)</u>	<u>(3,479)</u>
Non-current liabilities					
Long term provisions	19	(665)	(948)	(665)	(948)
		<u>(665)</u>	<u>(948)</u>	<u>(665)</u>	<u>(948)</u>
Total liabilities		<u>(3,178)</u>	<u>(4,422)</u>	<u>(3,183)</u>	<u>(4,427)</u>
Net assets		<u>398</u>	<u>360</u>	<u>393</u>	<u>355</u>
Shareholders' equity					
Share capital	20	151	151	151	151
Share premium account		562	562	562	562
Capital redemption reserve		104	104	104	104
Retained earnings		(419)	(457)	(424)	(462)
Total shareholders' equity		<u>398</u>	<u>360</u>	<u>393</u>	<u>355</u>

The financial statements on pages 24 to 48 were approved by the Board of Directors and authorised for issue on 13 June 2013 and were signed on its behalf by



NE Burrows



SM Sanderson

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

**Statements of cash flows
for the year ended 31 March 2013**

Group and company	Note	2013 £'000	2012 £'000
Profit/(loss) for the year before taxation		28	(76)
Adjustments for			
Depreciation of property, plant and equipment		17	27
Profit on disposal of property, plant and equipment		-	(18)
Amortisation of intangible assets		56	215
Impairment of intangible assets		-	-
Finance income		(2)	-
Interest expense		16	28
Share-based payment expense		10	6
Changes in working capital			
Decrease in trade and other receivables		1,106	383
Decrease in trade and other payables		(295)	(252)
(Decrease)/increase in provisions		(404)	5
Cash generated by operations		532	318
Corporation tax received		277	
Interest paid		(16)	(28)
Interest received		2	-
Net cash flows from operating activities		795	290
Cash flows used in investing activities			
Purchase of intangible assets		(1)	(61)
Purchase of property, plant and equipment		(14)	(15)
Proceeds from sale of property, plant and equipment		-	45
Net cash flows used in investing activities		(15)	(31)
Net increase in cash and cash equivalents		780	259
Cash and cash equivalents at beginning of the period		(497)	(756)
Cash and cash equivalents at end of the period	16	283	(497)

**Notes to the financial statements
for the year ended 31 March 2013**

1. Principal accounting policies

Basis of preparation

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

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

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

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Property, plant and equipment

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

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

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

Intangible assets

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

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

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

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

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

Impairment of non-financial assets

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

Trade and other receivables

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

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

Cash

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

Trade and other payables

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

Borrowings

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

Leases

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

Foreign currencies

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

Revenue

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

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

Income from maintenance and fixed price consultancy and development contracts, is recognised over the life of the contract, using the percentage of completion method, and is deferred to the extent that it has not been earned

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

Exceptional items

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

Taxation

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

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

Pension costs

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

Share-based payments

Share-based incentive arrangements are provided to employees under the Group's share option scheme. Share options granted to employees since 7 November 2002 are valued at the date of grant using an appropriate option pricing model and are charged to operating profit over the performance or vesting period of the scheme. The annual charge is modified to take account of shares forfeited by employees who leave during the performance or vesting period and, in the case of non-market related performance conditions, where it becomes unlikely the option will vest.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects the risks specific to the liability. Calculations of these provisions require judgements to be made, which include forecast consumer demand and inventory loss trends.

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 Chairman's statement on page 1. The financial position of

the Group, its cash flows, liquidity position and borrowing facilities are described in the Chairman's statement on page 1, the Financial Review on page 5, and in note 18 to the financial statements. In addition note 3 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk. As highlighted in note 18 to the financial statements, the Group meets its day to day working capital requirements through an invoice finance facility.

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

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

New standards and interpretations

Applied

The Group has adopted the following new standards, amendments and interpretations during the year. Adoption of these standards, amendments and interpretations did not have any effect on the financial performance or position of the Group. These standards and interpretations have been adopted from 1 April 2012 unless stated otherwise.

Amendments to existing standards

IAS 12 – Deferred Tax Recovery of Underlying Assets

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

Not applied

At the date of approval of these financial statements, the following relevant standards and interpretations were issued but not yet mandatory for the Group, and have not been applied in these financial statements. These standards and interpretations will be adopted from 1 April 2013 unless stated otherwise.

International Financial Reporting Standards ("IFRS")

IFRS 10 – Consolidated Financial Statements (effective 01 April 2014)

IFRS 11 – Joint Arrangements (effective 01 April 2014)

IFRS 13 – Fair Value Measurement

Annual Improvements to IFRSs (2009-2011 Cycle)

IFRS 9 – Financial Instruments (effective 01 April 2015)*

Amendments to existing standards

IAS 1 – Presentation of Items of Other Comprehensive Income Amendment

IAS 27 – Separate Financial Statements Amendment (effective 01 April 2014)

IAS 28 – Investments in Associates and Joint Ventures Amendment (effective 01 April 2014)

IAS 19 – Employee Benefits Amendment

IFRS 7 – Disclosures – offsetting financial assets and financial liabilities amendment

IAS 32 – Offsetting financial assets and financial liabilities amendment (effective 01 April 2014)

*These standards and interpretations are not endorsed by the EU at present

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

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Surplus property

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

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

Were the discount rate to increase by 1% this would increase net income and equity by £20,000 and were the discount rate to decrease by 1% this would decrease net income and equity by £21,000

Were 50% of the vacant property to be let for 3 years at a rental income that was 100% of cost this would increase net income and equity by £223,000

Deferred tax asset

A deferred tax asset of £2,013,000 (2012 £2,155,000) has not been recognised because of the uncertainty of the timing of future profits. The unrecognised deferred tax asset may result in any future profits being charged to tax below the standard rate

Revenue recognition

Revenue from maintenance and fixed price consultancy contracts is recognised over the life of the contract, using the percentage of completion method, and is deferred to the extent that it has not been earned. This requires the Group to estimate the services performed to date as a percentage of the total services to be performed. As at the balance sheet date, were the percentage of services performed to total services to be performed to differ by 10%, net income and equity would be increased by £nil if the percentage performed were increased, or net income and equity would be decreased by £2,000 if the percentage performed were decreased

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

Revenue from Zube licences is fully recognised at the point of sale providing there are no outstanding performance obligations. Any revenue attributable to further performance obligations such as maintenance and support, is estimated by attributing an appropriate profit margin to the estimated total cost of those obligations, and is recognised over the lifetime of the licence. As at the balance sheet date, were the estimates of the costs of providing all future performance obligations on recognised Zube licence revenues to differ by 10%, this would increase/decrease net income and equity by £1,000

Impairment of intangible assets

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

Critical judgements in applying the entity's accounting policies

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

3. Financial risk management

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

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

3.1 Financial risk factors

Foreign exchange risk

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

Group and company	Note	2013 £'000	2012 £'000
Currency Euros			
Net cash	16	26	48
Trade and other receivables	15	37	27
Trade and other payables	17	(25)	(27)
		<u>38</u>	<u>48</u>

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

Interest rate risk

The Group's interest rate risk arises from its borrowings, which are at a rate that fluctuates in relation to movements in bank base rate. This facility, as detailed in note 18, is secured by way of a debenture over all assets. At the year end borrowing under this facility totalled £nil (2012 £545,000).

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 £4,000 (2012 £9,000).

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 £11,000, being 0.06% of revenue (2012: £19,000, being 0.1%).

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

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

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

The Group's maximum exposure to credit risk is

	Note	2013 £'000	2012 £'000
Trade and other receivables	15	2,612	3,668
Accrued income	15	210	361
Cash and cash equivalents	16	283	48
		<u>3,105</u>	<u>4,077</u>

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 £3.96m. The facility may be terminated by either party with one month's written notice. The Board receives regular cash flow and working capital projections to enable it to monitor its available headroom under this facility. At the balance sheet date these projections indicated that the Group expected to have sufficient liquid resources to meet its reasonably expected obligations. Maturity of financial liabilities is set out in notes 17 and 18.

Capital risk management

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

3.2 Fair value estimation

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

4 Segmental reporting

The Group derives its revenue from two operating segments, which offer different services, being Resourcing and Consulting & Solutions. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

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

	Resourcing	Consulting & Solutions	Total
	2012	2012	2012
	£'000	£'000	£'000
Revenue	16,713	2,734	19,447
Operating profit/(loss) before exceptional items	649	(612)	37
Exceptional items	-	-	-
Operating profit/(loss) after exceptional items	649	(612)	37

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

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

12% (2012: 20%) of revenue was generated in the public sector. The largest single customer contributed 21% (2012: 21%) of Group revenue, was in the private sector, and is reported within the Resourcing segment.

5. Administrative expenses

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

	Note	2013 £'000	2012 £'000
Administrative expenses		2,729	3,202
Exceptional administrative credit vacant property provision	19	(163)	-
Total administrative expenses		<u>2,566</u>	<u>3,202</u>

6. Operating profit

	2013 £'000	2012 £'000
Operating profit is stated after charging/(crediting):		
Profit on disposal of property, plant and equipment	-	(18)
Depreciation of owned assets	17	27
Amortisation of intangible assets	56	215
Operating leases for land and buildings	515	354
Impairment of receivables	11	19
Auditors' remuneration		
Audit of financial statements Group and company	46	47
Other services pursuant to legislation	4	4
Other services relating to tax	-	37
	<u> </u>	<u> </u>

7. Finance income and expense

	2013 £'000	2012 £'000
Finance income		
Net foreign exchange gain	2	-
	-----	-----
Total finance income	2	-
	=====	=====
Finance expense		
Bank interest payable	(16)	(28)
	-----	-----
Total interest expense	(16)	(28)
Unwinding of discount on provisions	(96)	(85)
	-----	-----
Total finance expense	(112)	(113)
	-----	-----
Net finance expense recognised in income and expense	(110)	(113)
	=====	=====

8. Employees and directors

Group and company	2013 Number	2012 Number
Average number of persons (including executive Directors) employed		
Senior management	5	5
Fee earners	30	32
Sales	20	18
Administration and finance	10	11
	-----	-----
	65	66
	=====	=====
Staff costs for the above persons (including executive Directors)	2013 £'000	2012 £'000
Wages and salaries	3,073	3,149
Social security costs	340	375
Defined contribution pension costs	223	200
Equity settled share-based payments	10	6
	-----	-----
	3,646	3,730
	=====	=====

Directors	£'000	£'000
Emoluments	170	175
Money purchase pension contributions	16	14
	<u>186</u>	<u>189</u>

One Director (2012 one) had retirement benefits accruing under money purchase pension schemes

9. Tax credit

	2013	2012
	£'000	£'000
Tax credit in income statement	-	277
	<u>-</u>	<u>277</u>

The tax credit for the year differs from the standard rate of corporation tax in the UK (24%, 2012 26%). The differences are explained below

	2013	2012
	£'000	£'000
Profit/(loss) before tax	28	(76)
Loss before tax multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	7	(20)
Effects of		
Research & development tax credit	-	(277)
Expenses not deductible for tax purposes	15	12
Movement in unrecognised deferred tax asset in respect of operating losses	(14)	12
Movement in unrecognised deferred tax asset in respect of temporary differences	(8)	(4)
	<u>-</u>	<u>(277)</u>
Total tax credit for the year	<u>-</u>	<u>(277)</u>

A research and development tax credit of £277,000 was recognised in 2012 respect of qualifying research and development costs relating to location intelligence

A deferred tax asset of £2,013,000 (2012 £2,155,000) has not been recognised because of the uncertainty of the timing of future profits. The unrecognised deferred tax asset may result in any future profits being charged to tax below the standard rate.

Group and company	2013	2012
	£'000	£'000
Accelerated depreciation	58	98
Other temporary differences	-	1
Losses carried forward indefinitely	1,955	2,056
	<u>2,013</u>	<u>2,155</u>
Unrecognised deferred tax asset	<u>2,013</u>	<u>2,155</u>

10. Dividends

No dividends have been paid or proposed for year ended 31 March 2013 (2012 nil)

11. Earnings per ordinary share

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

	2013	2012
Profit for the year	£28,000	£201,000
	<u>£28,000</u>	<u>£201,000</u>
Average number of shares in issue	15,149,579	15,149,579
Effect of dilutive options *	-	-
Average number of shares in issue plus dilutive options	15,149,579	15,149,579
	<u>15,149,579</u>	<u>15,149,579</u>
Basic earnings per share	0.18p	1.33p
	<u>0.18p</u>	<u>1.33p</u>
Diluted earnings per share	0.18p	1.33p
	<u>0.18p</u>	<u>1.33p</u>

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

12. Intangible assets

Group and company	Purchased software	Internally developed software	Total
	£'000	£'000	£'000
Cost			
At 31 March 2011	573	1,576	2,149
Additions	61	-	61
Disposals	-	-	-
	-----	-----	-----
At 31 March 2012	634	1,576	2,210
Additions	1	-	1
Disposals	-	-	-
	-----	-----	-----
At 31 March 2013	635	1,576	2,211
	=====	=====	=====
Accumulated amortisation/impairment			
At 31 March 2011	568	1,165	1,733
Charge for the year	9	206	215
Disposals	-	-	-
	-----	-----	-----
At 31 March 2012	577	1,371	1,948
Charge for the year	22	34	56
Disposals	-	-	-
	-----	-----	-----
At 31 March 2013	599	1,405	2,004
	=====	=====	=====
Net book value			
At 31 March 2013	36	171	207
	=====	=====	=====
At 31 March 2012	57	205	262
	-----	-----	-----

The useful economic life of internally developed software relating to Zubed has been reassessed and at the year end is estimated to be a further five years. The effect of this change in accounting estimate is that the amortisation charge for the current year and each of the remaining years is £34,000. Had this change not been implemented the charge for the current year would have been £205,000.

13. Property, plant and equipment

Group and company	Computer hardware £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 31 March 2011	528	957	189	1,674
Additions	10	5	-	15
Disposals	-	-	(164)	(164)
	-----	-----	-----	-----
At 31 March 2012	538	962	25	1,525
Additions	12	2	-	14
Disposals	-	-	-	-
	-----	-----	-----	-----
At 31 March 2013	550	964	25	1,539
	=====	=====	=====	=====
Accumulated depreciation				
At 31 March 2011	507	947	152	1,606
Charge for the year	14	6	7	27
Disposals	-	-	(137)	(137)
	-----	-----	-----	-----
At 31 March 2012	521	953	22	1,496
Charge for the year	10	4	3	17
Disposals	-	-	-	-
	-----	-----	-----	-----
At 31 March 2013	531	957	25	1,513
	=====	=====	=====	=====
Net book value				
At 31 March 2013	19	7	-	26
	=====	=====	=====	=====
At 31 March 2012	17	9	3	29
	=====	=====	=====	=====

The net carrying amount of property, plant and equipment does not include any amounts in respect of assets held under finance leases

14. Investments

Company

Investments are

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

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

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

15. Trade and other receivables

Group and company	2013	2012
	£'000	£'000
Trade receivables	2,624	3,680
Less provision for impairment of trade receivables	(12)	(12)
	-----	-----
Trade receivables-net	2,612	3,668
Prepayments and accrued income	448	498
	-----	-----
	3,060	4,166
	=====	=====

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 2013 trade receivables of £594,000 (2012 £1,260,000) were past due but not impaired. They relate to customers with no default history. The total number of customer ledger balances at 31 March 2013 was 96 (2012 119). The ageing analysis of these receivables is as follows:

Group and company	2013	2012
	£'000	£'000
Up to 30 days past due	496	785
30 to 60 days past due	58	288
Over 60 days past due	40	187
	-----	-----
	594	1,260
	=====	=====

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

Group and company	2013 £'000	2012 £'000
At beginning of the year	12	-
Charged to income statement	12	19
Credited to income statement	(1)	-
Receivables written off as uncollectable	(11)	(7)
	<u>12</u>	<u>12</u>
At end of the year	<u>12</u>	<u>12</u>

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

Group and company	2013 £'000	2012 £'000
Sterling	3,023	4,139
Euros	37	27
	<u>3,060</u>	<u>4,166</u>

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

16. Cash and cash equivalents

Group and company	2013 £'000	2012 £'000
Cash available on demand	<u>283</u>	<u>48</u>

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	2013 £'000	2012 £'000
Sterling	257	-
Euros	26	48
	<u>283</u>	<u>48</u>

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

Group and company	2013	2012
	£'000	£'000
Cash available on demand	283	48
Bank borrowings repayable on demand	-	(545)
	283	(497)

17. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade payables	1,679	1,775	1,679	1,775
Other taxation and social security	282	321	282	321
Owed to subsidiary	-	-	5	5
Accruals and deferred income	438	598	438	598
	2,399	2,694	2,404	2,699

The maturity date of the Group's trade and other payables is as follows

	2013	2012
	£'000	£'000
Up to 3 months	2,248	2,553
3 to 6 months	63	55
6 to 12 months	93	86
	2,404	2,694

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

The carrying amount of the Group's trade payables is denominated in the following currencies

Group and company	2013	2012
	£'000	£'000
Sterling	2,379	2,667
Euros	25	27
	2,404	2,694

18. Bank borrowings

Group and company	2013	2012
	£'000	£'000
Current		
Bank borrowings	-	545
	-----	-----
	-	545
	=====	=====

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 £3 96m This facility is secured by way of a debenture over all assets, being £3 61m at 31 March 2013 Bank borrowings are repayable upon demand

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

19. Provisions

Group and company	Provision for vacant properties	Provision for property dilapidation	Total
	£'000	£'000	£'000
At 1 April 2012	1,145	38	1,183
Charged to income statement	-	2	2
Utilised in year	(247)	(4)	(251)
Change in discount rate	(79)	-	(79)
Exceptional credit (note 5)	(163)	-	(163)
Unused amounts reversed	-	(10)	(10)
Unwinding of discount passage of time (note 7)	97	-	97
	-----	-----	-----
At 31 March 2013	753	26	779
	=====	=====	=====

The discount rate applied in the calculation of the provision for vacant properties was revised from 8.5% to 12%

Group and company	Provision for vacant properties	Provision for property dilapidation	Total
	£'000	£'000	£'000

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

Current	102	12	114
Non-current	651	14	665
	-----	-----	-----
	753	26	779
	=====	=====	=====

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 2013 is as follows

Group and company	2013 £'000	2012 £'000
In one year or less	102	235
In more than one year, but not more than 2 years	165	220
In more than 2 years, but not more than 5 years	486	572
In more than 5 years	-	156
	-----	-----
	753	1,183
	=====	=====

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

20. Share capital

	2013	2012
Ordinary shares of 1p each		
Issued, called up and fully paid		
Number	15,149,579	15,149,579
Nominal value	£151,496	£151,496
Authorised		
Number	33,500,000	33,500,000
Nominal value	£335,000	£335,000

21. Share-based payments

At 31 March 2013 1,384,000 options granted under employee share option schemes remain outstanding

Number	Exercise price	Performance criteria	Period options exercisable
196,000	51 5p	1	8 March 2009 to 8 March 2016
198,000	14 0p	2	7 August 2012 to 7 August 2018
990,000	13 5p	1	23 September 2014 to 23 September 2021

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

2 Performance criteria: that if, but only if, the total Earnings per Share of the Company in the period of the three years ending 31 March 2012 exceeds 9 5p per share, and the amount of Earnings per Share for each of those years is a positive amount, then an Option shall become exercisable in respect of 50% of the shares over which it subsists. If, but only if, the total Earnings per Share of the Company in the period of three years ending 31 March 2012 exceeds 19p per share, and the amount of Earnings per Share for each of those years is a positive amount, then an Option shall become exercisable in respect of 100% of the shares over which it subsists

The options outstanding at 31 March 2013 had a weighted average remaining contractual life of 7.3 years

Options have been valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. In accordance with the transition provisions, IFRS 2 has been applied to all grants after 7 November 2002 that were unvested as of 1 January 2006

There were no options granted during the year (2012: 1,025,000)

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

Date of grant	23 September 2011
Number of options granted	1,025,000
Weighted average share price	13 5p
Weighted average exercise price	13 5p
Expected volatility	40%
Expected life	4 years
Risk free rate	2.5%
Expected dividends	0
Fair value	4.67p

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

The total expense recognised in the year is £10,000 (2012: £5,842)

A reconciliation of option movements over the year to 31 March 2013 is shown below

	2013		2012	
	Number of options	Weighted average exercise price Pence	Number of options	Weighted average exercise price Pence
Outstanding at start of year	1,635,412	19.9	973,900	30.3
Granted	-	-	1,025,000	13.5
Forfeited	(37,000)	15.6	(363,488)	29.8
Lapsed	(214,412)	26.5	-	-
Outstanding at end of year	<u>1,384,000</u>	<u>19.0</u>	<u>1,635,412</u>	<u>19.9</u>
Exercisable at end of year	<u>394,000</u>	<u>32.7</u>	<u>615,412</u>	<u>30.4</u>

There were no options exercised during the year. The above figures include options held by Directors which are set out in the Directors' Remuneration Report on page 20.

22. Commitments

The Group had capital commitments totalling £nil at 31 March 2013 (31 March 2012: £nil).

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

	2013 £'000	2012 £'000
Not later than 1 year	413	475
Later than 1 year and no later than 5 years	1,628	1,827
Later than 5 years	-	395
	<u>2,041</u>	<u>2,697</u>

23. Related party transactions

The Group rents two of its offices under contracts expiring in 2018. The current annual rents of £395,000 were fixed, by independent valuation, for a five year period at the last rent review in 2008. A rent holiday was agreed with the landlords for one of the offices for a period of one year commencing from 25 June 2013. Therefore the rent payable during that period will be reduced to £215,000. JC Rigg, a Director, has notified the Board that he has a 50% beneficial interest in these contracts. The balance owed at the year end was £nil (2012: £nil).

Key management comprises the Board of Directors and their remuneration is set out in the Directors' Remuneration Report on page 20.

Five year record

Consolidated income statement

Years ended 31 March	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Revenue	18,880	19,447	23,298	27,176	32,770
Gross profit	2,704	3,239	3,644	4,723	6,218
Profit/(loss) on ordinary activities before taxation	28	(76)	(920)	(613)	(40)
Taxation on loss on ordinary activities	-	277	-	-	-
Profit/(loss) on ordinary activities after taxation	28	201	(920)	(613)	(40)
Dividends	-	-	-	-	-
Retained profit/(sustained loss) for the financial year	28	201	(920)	(613)	(40)
Basic profit/(loss) per ordinary share of 1p each (pence)	<u>0 18</u>	<u>1 33</u>	<u>(6 07)</u>	<u>(4 05)</u>	<u>(0 26)</u>

Balance sheet

As at 31 March	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Non-current assets	233	291	484	892	1,073
Current assets	3,343	4,491	4,582	6,365	6,623
Current liabilities	(2,513)	(3,474)	(3,842)	(4,939)	(4,656)
Non-current liabilities	(665)	(948)	(1,071)	(1,245)	(1,362)
Net assets	<u>398</u>	<u>360</u>	<u>153</u>	<u>1,073</u>	<u>1,678</u>
Share capital	151	151	151	151	151
Share premium account	562	562	562	562	562
Capital redemption reserve	104	104	104	104	104
Retained earnings	(419)	(457)	(664)	256	861
Equity shareholders' funds	<u>398</u>	<u>360</u>	<u>153</u>	<u>1,073</u>	<u>1,678</u>

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
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Surrey
GU7 1XE

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

Financial calendar

Annual General Meeting Summer 2013

Financial year ended 31 March 2014 expected
announcement of results

Half year November 2013

Full year preliminary announcement June 2014

Corporate information

Executive Directors

John Rigg, Chairman
Nick Burrows

Non-executive Directors

Alistair Fulton
Steven Sanderson

Secretary and registered office

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Country of incorporation and domicile of parent company

United Kingdom

Legal form

Public limited company

Company number

2285049

Registered Auditors

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Solicitors

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