driver group plc

ANNUAL REPORT AND ACCOUNTS 2018

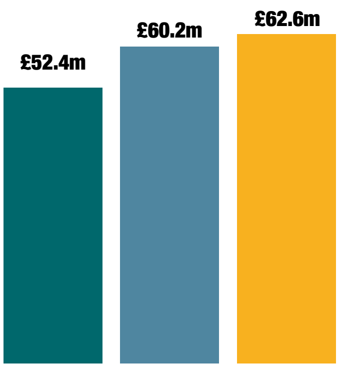
> I am pleased to report that our performance this year has built on the good progress achieved last year and the Group has produced a result ahead of market expectations.

STEVEN NORRIS
NON-EXECUTIVE CHAIRMAN

CONTENTS

Highlights 2017/18

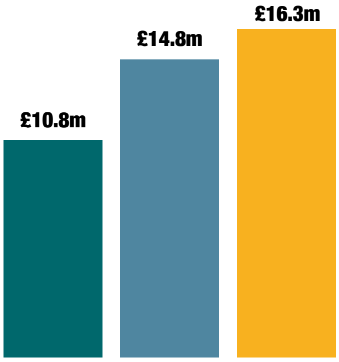
Revenue



£62.6m

(2017: £60.2m) +4%

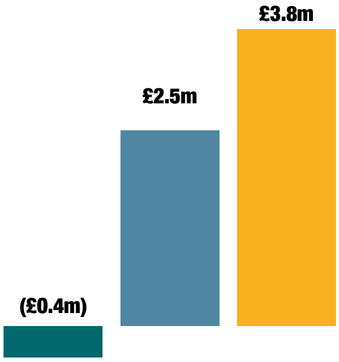
Gross profit



£16.3m

(2017: £14.8m) +10%

Underlying* profit



£3.8m

(2017: £2.5m) +54%

Profit for the year

£2.2m

(2017: £0.3m) +736%

Net cash**

£6.9m

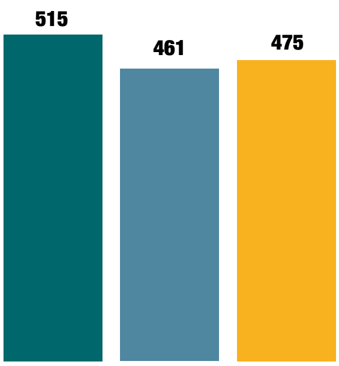
(2017: borrowings £0.2m)

Earnings per share

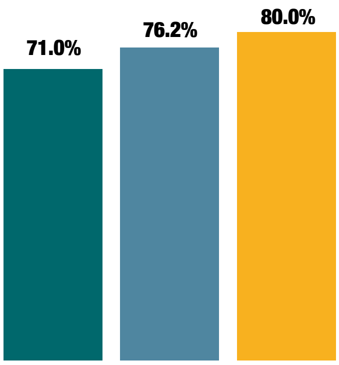
4.0p

(2017: 0.7p)

Headcount



Utilisation***



- **Revenue increased by 4% with continued focus on core claims and disputes**
- **Underlying* profit increased by 54% to £3.8m (2017: £2.5m)**
- **Profit for the year increased to £2.2m (2017: £0.3m)**
- **Net cash increased to £6.9m (2017: borrowings £0.2m)**
- **Utilisation*** increased to 80.0% (2017: 76.2%)**
- **Earnings per share increased to 4.0p (2017: 0.7p)**

2016
2017
2018

* Underlying figures are stated before the share-based payment costs, exceptional items and amortisation of intangible assets

** Net cash / (borrowings) consists of cash and cash equivalents, bank loans and finance leases

*** Utilisation % is calculated by dividing the total hours billed by the total working hours available for chargeable staff

Chairman's statement

Steven Norris
Non-Executive Chairman
10 December 2018

INTRODUCTION

I am pleased to report that our performance this year has built on the good progress achieved last year and the Group has produced an excellent result ahead of original market expectations. We have seen during the period that demand for our services continues to be strong across the globe and we have broadened our offering into new sectors. Last year was a period of significant change during which we carried out an equity raise, disposed of underperforming businesses and streamlined our operations. Following this transformation, the shape of the Group is now largely as our strategy requires and we have been able to progress and significantly improve performance across the business with all regions contributing to the overall excellent result.

FINANCIAL RESULTS

The Group's revenue for the year was £62.6m (2017: £60.2m) and the underlying* profit before tax was £3.8m (2017: £2.5m), which we believe more accurately reflects the underlying, operating performance of the Group. The underlying* continuing earnings per share was 6.1p (2017: 5.8p). The reported profit was £2.2m (2017: £0.3m) which includes a share-based payment charge of £1.1m (2017: £0.2m). In the prior year, there were also exceptional costs associated with the restructuring of the business of £1.1m, which I am pleased to report were £nil in the current year.

During the year all regions performed well. Revenue in Europe and Americas 'EuAm' grew by 10% to £28.8m, with a 27% improvement in segmental profitability to £3.0m (2017: £2.3m). Growth in the Asia Pacific region 'APAC', was particularly pleasing at 32% to £11.0m and the region's segmental profitability improved significantly recording a profit of £1.0m against a profit of £0.5m in the prior year. The Middle East 'ME' region saw especially strong performances from Kuwait and Qatar and although there was a reduction in regional revenues to £22.9m (2017: £25.2m) partly as a result of a large commission completing early and not being replaced in the year, segmental profitability improved by 11% to £2.1m (2017 £1.9m) through careful cost management.

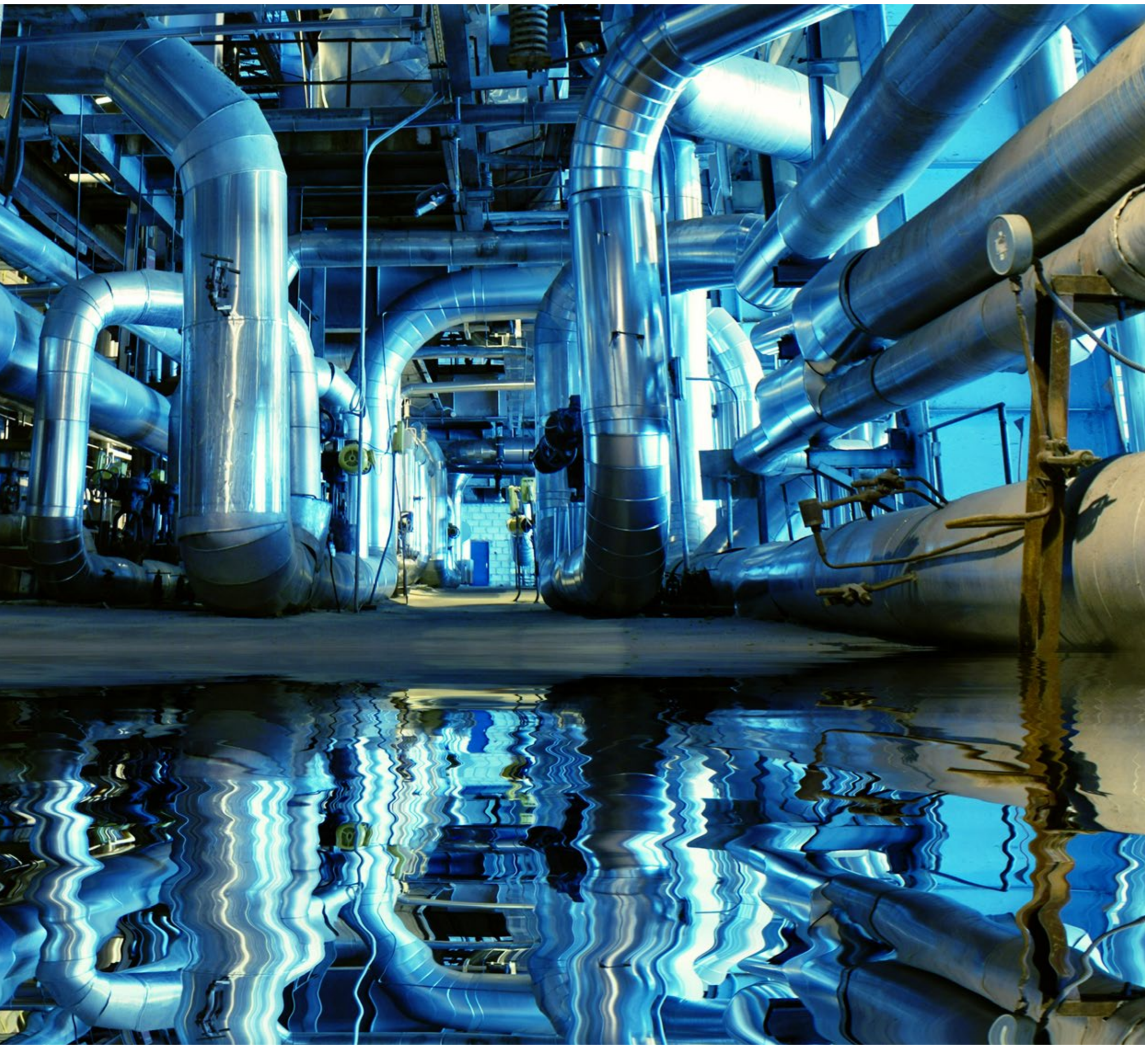
Net cash** at the close of the year was an improvement on expectations, standing at £6.9m (2017: net borrowings £0.2m), reflecting significant progress made during the year in cash collections and the continued focus on working capital management generally.

DIVIDEND

I am pleased to report the Directors propose a return to dividends with the payment of a dividend for 2018 of 0.5p per share (2017: £nil) reflecting our confidence in the transformation of the Group. Looking forward, the Board intends to pursue a progressive dividend policy which will seek to maximise shareholder value, while retaining balance sheet flexibility to fund ongoing operating requirements.

STRATEGY

The Group's strategy remains to focus on those areas of expertise where we have a particularly strong position, in claims and dispute resolution and in expert witness work, and to consolidate the Group's position as one of the pre-eminent firms in its areas of expertise. Concentration on this clearly articulated aim has so far demonstrably delivered improved revenue growth and increased profitability leading to the generation of more attractive returns for shareholders. In support of this strategy we also keep under review broadening our sector, geographic and service offerings. We see no reason at this stage to amend our objective or strategy, although of



> The start of the current financial year has shown a continuation of the positive trading and improvements that we enjoyed during last year.

course they remain under continual review.

BOARD

Following the appointment of David Kilgour as Group Chief Financial Officer on 12th December 2017, the composition of the Board has remained unchanged for the remainder of the year. During the year, the Board elected to adopt the QCA Corporate Governance Code which was published on 25 April 2018 as its corporate governance code. The Board believes that this provides an appropriate and suitable framework for a group of our size and complexity.

OUTLOOK

The start of the current financial year has shown a continuation of the positive trading and improvements that we enjoyed during last year. I have always stressed that in a professional services business like ours, it is notoriously difficult to predict activity levels, but your Board will continue to monitor costs and margins to ensure that the Company deals appropriately with the fluctuations in activity that are an inevitable feature of our business. Nonetheless, your Board is confident that we can continue to build on the exceptional progress we have made so far. There is no question that in every significant respect the Company is in a far better position than it has been for several years.

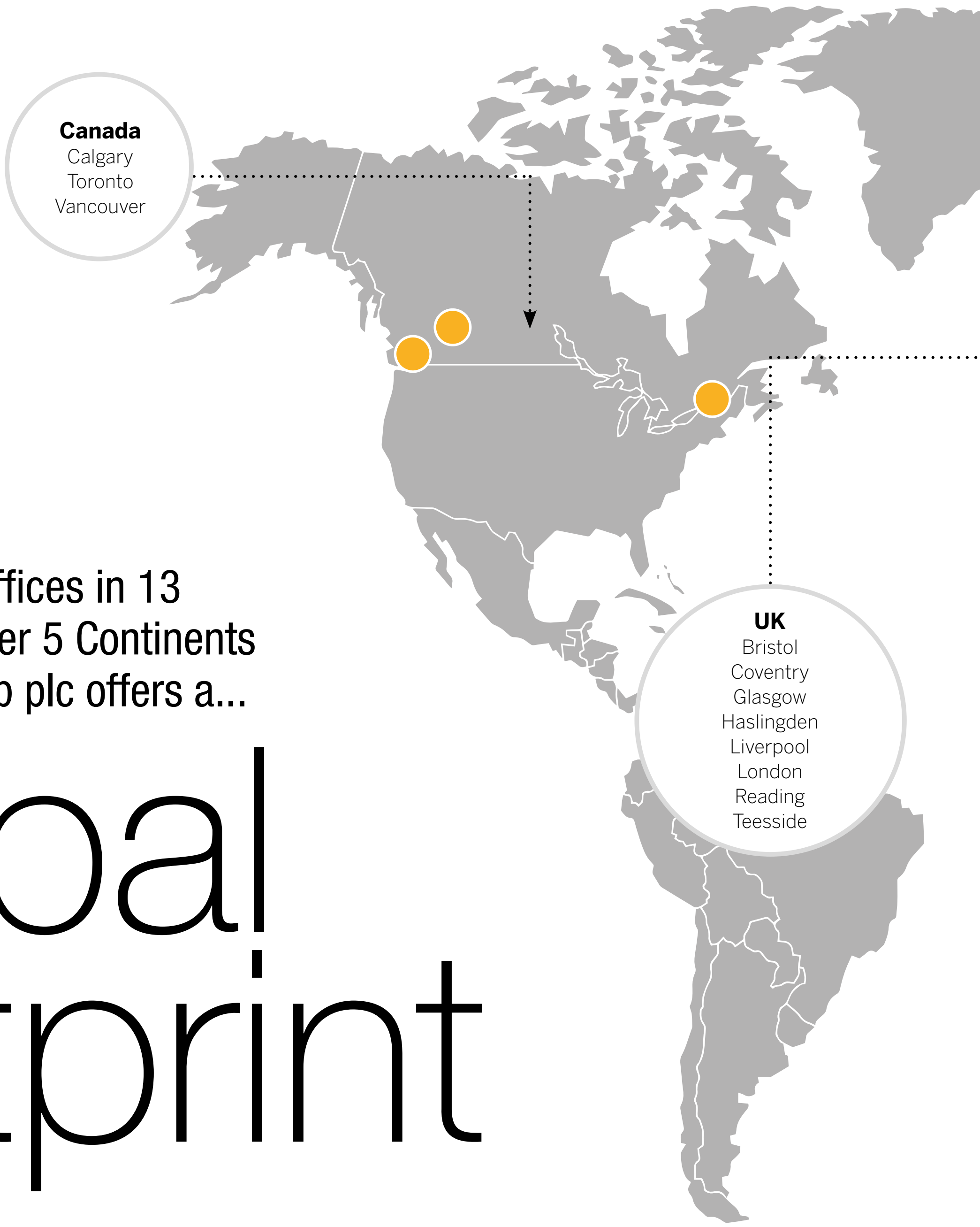
I would particularly like to take this opportunity to thank all of the staff of Driver Group in every part of our business for the loyalty, hard work and support that they have shown during this and previous years. Under the leadership of the Executive Board they have all contributed to delivering an excellent result for the Group and my Board colleagues join me in thanking them most sincerely.

As a mark of how far the company has come in recent times on the 22nd of November Gordon Wilkinson and David Kilgour on behalf of the whole Board collected the Large Company Turnaround of the Year award from the Institute for Turnaround. It is a remarkable achievement to which everyone in the business contributed. Finally, I should also like to thank again both our longstanding and new shareholders for their continued support throughout the year. Your Board will continue to do all it can to reward the confidence you have shown in us.

* Underlying figures are stated before the share-based payment costs, exceptional items and amortisation of intangible assets

** Net cash / (borrowings) consists of cash and cash equivalents, bank loans and finance leases

*** Utilisation % is calculated by dividing the total hours billed by the total working hours available for chargeable staff



Operating through 25 offices in 13 Countries, spreading over 5 Continents means that Driver Group plc offers a...

Global footprint

Driver Trett provides specialist dispute avoidance and dispute resolution services to our clients from the outset of a project to its completion, and beyond. We offer strategic commercial improvement and contract management services; live planning and programming; assistance and forensic delay analysis; dispute avoidance, dispute resolution support and expertise; as well as training and seminars tailored to our clients' needs.

Driver Project Services provides site-based commercial management, project management and planning and programming services to our clients. Our staff work seamlessly with our clients' teams, offering additional project support at the point of need or for the duration of the project.

Diales is the Group's Expert Witness and expert advisory services provider. Our world-class quantum, delay, and technical experts assist in litigation, arbitration, and adjudication, as well as in negotiation, mediation, and other dispute resolution forums. Diales also provides highly experienced adjudicators, arbitrators, and mediators, as well as offering third party neutral evaluation and determination.

Driver Group: What we do

Our expertise supports the delivery of major projects worldwide and bridges the gaps between the construction, legal, and financial sectors.

Goodwood Festival of Speed Sculpture 2018
Design and Production: Gerry Judah
Engineering: Diales Technical

COMMERCIAL AND CONTRACT

Having a clear contractual and commercial strategy for managing the work and the associated risks is essential for the delivery of a project. We offer tailored risk analysis, and risk management assistance, prior to the commencement of a contract, during the construction phase, and at the completion of the project. Our consultancy team have a sharp commercial focus, ensuring that our dual-qualified staff deliver results that add value beyond client expectations.

DELAY AND ANALYSIS

Our experts have a proven track record in understanding all of the available techniques for analysing delay and in identifying the most appropriate approach in the circumstances. This knowledge and expertise is invaluable in the delivery of credible and robust reports which are simple to understand yet detailed enough to withstand challenge.

DISPUTE RESOLUTION

Driver Group work closely with our clients, including contractors, subcontractors, employers, and legal firms to deliver robust and effective solutions. Our involvement can start at the preliminary, investigative and preparation stage and run through commercial discussions, negotiations, or formal dispute processes such as mediators, adjudicators, arbitration and litigation.

EXPERT SERVICES

Driver Group have been providing expert services for nearly four decades. The Driver Group team has extensive expert knowledge in high profile litigation and arbitration. We deliver uncompromised service across a wide range of sectors and expertise across the construction and engineering industry, specialising in quantum, delay analysis and technical; which include architectural; mechanical; electrical; and project management.

PLANNING AND PROGRAMMING

We offer a full range of planning services for both construction and civil engineering projects. Our planning capability spans the complete cycle from concept and feed through to detailed design and delivery, and onto the full life cycle asset management via a maintenance and shutdown regime. Commissions are carried out by project planners and lead or senior planners, across the spectrum of sectors and disciplines.

PRE-CONTRACT

We offer a full range of pre-tender and measurement services for both construction and civil engineering projects.

Commissions are carried out by quantity surveyors, specifically trained in these processes, and who have a wealth of experience. Both computer-aided and traditional methods of measurement are used to guarantee a fast, cost-effective, and reliable self-checking service.

PROJECT MANAGEMENT

Driver Group has an established track record of successful delivery of projects in public and private sectors. Driver Group has the ability to carefully match the three pillars of project management – time, cost and quality – to individual customer requirements in terms of programme, value for money and design aspiration. The role of project management is to deliver projects through the effective management of all briefing, design, cost, programme, procurement, and construction processes. We adopt a planned, organised, and controlled approach to project management, to deliver successful construction projects. Efficient project management stems from two essential qualities: communication and organisation. Our project managers are chosen for their ability to combine both, using personal, technical and professional skills to respond to every aspect of project delivery.

QUANTITY SURVEYING

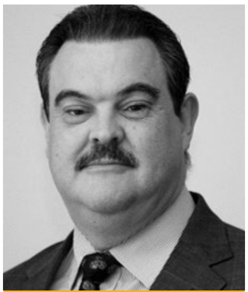
Driver Group are able to offer clients both pre-contract and post-contract professional services. Pre-contract services are essential for maintaining proper contractual, programming and financial control from the earliest stages. This will help to avoid problems such as prejudice to tender prospects, uncertainty over contract terms, lack of identifiable intent and method statements, disparity between scope of work and price, and the unwitting acceptance of onerous terms.

Driver Group also provides a range of services to secure tight financial and contractual control of a project by minimising costs, maximising value and controlling contractual risk. A full and active role in the post-contract management period is designed to optimise the client's financial and contractual position. Furthermore, this can be provided at the highest level through strategic management expertise.

TRAINING AND SEMINARS

Driver Group has a vast internal knowledge base resulting from extensive experience each of our members of staff have amassed, the varied sectors in which they have worked, and the solutions and strategies that they have developed and delivered to our clients.

Chief Executive Officer's Review



Gordon Wilkinson
Chief Executive Officer
10 December 2018

INTRODUCTION

I am pleased to report on what has been a year of substantial and sustainable improvement in Driver Group's performance. We have made very significant progress with implementing the strategy to address and resolve the challenges that the business faced some years ago, and to put those issues firmly in the past.

I am delighted to report that the headwinds that had affected the business 36 months ago are now a thing of the past. We have turned in a strong performance, and one that the business can be justly proud of, and results are well ahead of original market expectations. We have done this as a consequence of the resilience and determination of our dedicated people to turn around the fortunes of our business. This has meant a relentless and energetic focus on new business pipeline building, developing and growing existing client relationships, strengthening the Group's global market presence and a continuous drive on cash collections.

We enjoyed a remarkably strong start to the year with high levels of activity and a healthy pipeline of assignments for short to medium term conversion. In April 2018 the Board successfully completed the sale and leaseback of the Group's registered office in Haslingden, Lancashire; this represented the final strategic action we had committed to at the time of the equity raise and re-financing in February 2017. This contributed to a significant improvement in the Group's overall net cash** position by £7.1m to £6.9m (2017: net borrowings £0.2m).

We undertook a major overhaul of our online presence in the first half of 2018, with a structural review of our website, to improve its performance and effectiveness with prospective clients and existing and prospective investors. Feedback on the new global website platform has been resoundingly positive. Taken together with the exceptional progress and pick-up that our Diales app has achieved, which enables clients and introducers to source our expert witness services in whichever market they are required, I am confident that our digital performance has significantly improved, and there is more we will do.

Through successful new business acquisition across our key markets - particularly in Europe and Americas and in Asia Pacific - and as a consequence of careful management of cash flow and debtors, our underlying* operating profit has seen a dramatic recovery, up 45% on 2017 and profit for the year increased by 736% on the prior year.

I am also happy to report a further incremental improvement in utilisation*** rates by 3.8 percentage points to 80%, a significant key performance indicator for any global professional services business such as ours.

Driver Group is now uniquely well positioned to consolidate our leading competitive positions in the key markets in which we operate.

Driver Group can look forward to a future filled with significant commercial potential. I am confident that, now we have a more resilient, more focused and better managed operating platform, we shall be able to make the most of those opportunities in the future.

I would like to take this opportunity on behalf of your Board to thank all the team at Driver Group for their tremendous efforts and unstinting loyalty. It is their dedication and tireless work ethic that has enabled us to manage the turnaround in the business over the last 18 months so efficiently and effectively.

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue is up 4% on 2017 at £62.6m (2017: £60.2m). Underlying* operating profit is up 45% on 2017 at £4.0m (2017: £2.7m). Reported profit increased significantly to £2.2m from £0.3m in 2017.

REGIONAL BREAKDOWN

In this, the fortieth anniversary year since the foundation of Driver Group and its antecedents, I am delighted to report a strong surge back to profitability across our key global markets. This is eloquent testimony to the commitment and professionalism of our team.

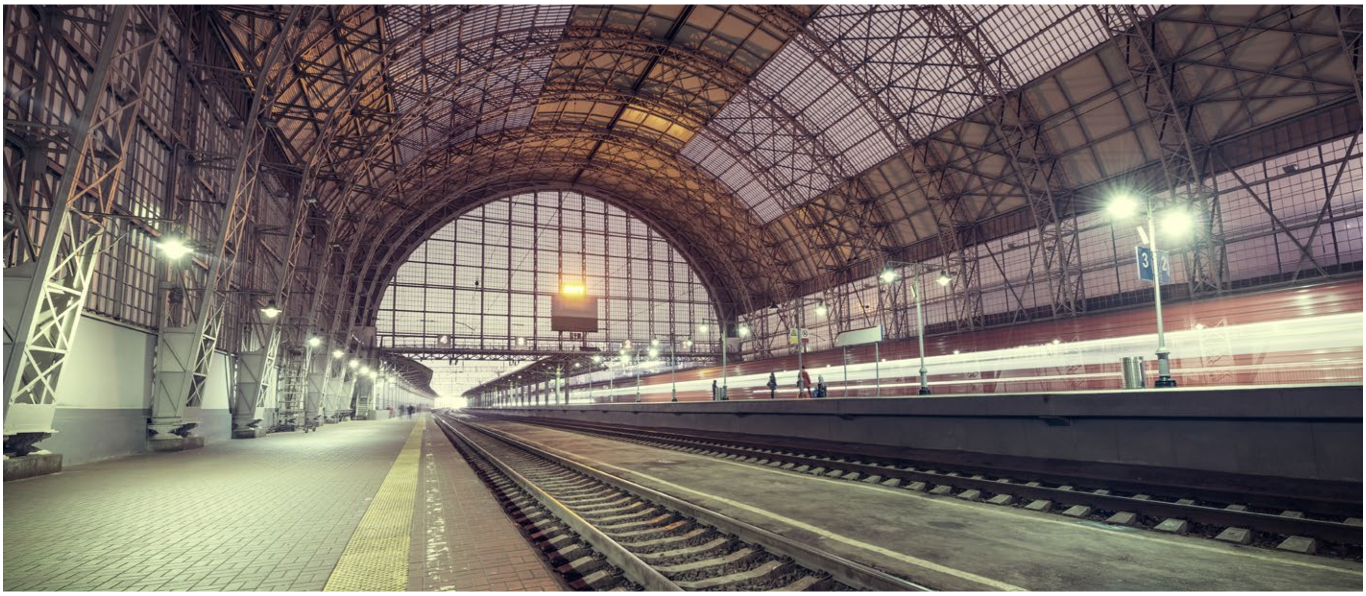
ASIA PACIFIC

I am pleased to report that the Asia Pacific region has experienced a positive regional revenue performance increasing by 32% (£2.7m) to £11.0m. The Singapore market has continued to grow significantly, with revenue up 47% (£2.6m), and remains the central hub for the business in the region. Malaysia also demonstrated further sustainable growth. In Australia, after a challenging year in 2016-17, we have seen steady improvements and look forward with confidence to growth potential in this market.

Although Hong Kong's performance was slightly below our expectations, the ground work has been laid to ensure the business is well positioned for future growth as evidenced by significant improvement in staff utilisation rates*** (up 22% points) to 82%. As a result we are well placed to exploit the strategic opportunities for growth in mainland China.

MIDDLE EAST

The Middle East was the only region which was unable to meet its performance targets this year with strong performances in Qatar and Kuwait countered by our performance in UAE. As a region, revenue was down 9% (£2.3m) to £22.9m. UAE revenue was down 22% (£2.9m), but this was partially offset by UAE staff being deployed to



support the delivery of projects in Qatar and Kuwait where revenue was up by a very encouraging 35% and 29%, respectively.

The importance that Driver Group continues to attach to this region is reflected in the fact that in April 2018 we were delighted to open our own office in Kuwait City, which opened to considerable regional acclaim. We have also refreshed and enhanced our strategic referral network relationships in the region, and held a very successful marketing initiative in UAE in April 2018. Over the coming year, we will be seeking to pursue a range of large projects. This is in addition to ongoing work from the delivery of power projects that are already in their build phase, as well as scope for expansion of our high value Diales expert witness work.

EUROPE AND AMERICAS

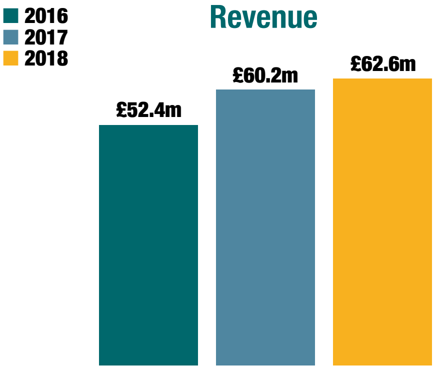
Across the Europe and Americas region, revenue rose by an encouraging 10% (£2.7m) to £28.8m. In particular, Driver Trett UK revenue was up £1.9m, a very commendable performance - and, in fact, a new record for the business and region.

Canada, which experienced challenging trading conditions and a change of management in the preceding year, returned a modest profit. The business is well positioned for growth in the coming financial year.

OUTLOOK

After a very successful 12 month period for your business, and a positive trading performance in the early part of the new financial year, we have a realistic expectation that it can make significant further progress in growing its global offering, achieving even more competitive local market positions, and adding further to our extensive blue chip client base. As a global business with operations worldwide, we do not, at present, foresee a significant impact on the Group as a result of the UK leaving the EU. Our strategy has delivered outstanding performance over the past year. I believe we are, therefore, exceptionally well placed to build on that performance in the year ahead.

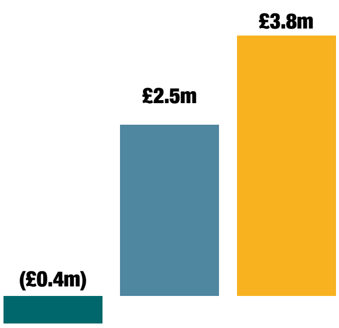
Revenue



£62.6m

(2017: £60.2m) +4%

Underlying* profit



£3.8m

(2017: £2.5m) +54%

> **“Our strategy has delivered outstanding performance over the past year. I believe we are, therefore, exceptionally well placed to build on that performance in the year ahead.”**

* Underlying figures are stated before the share-based payment costs, exceptional items and amortisation of intangible assets

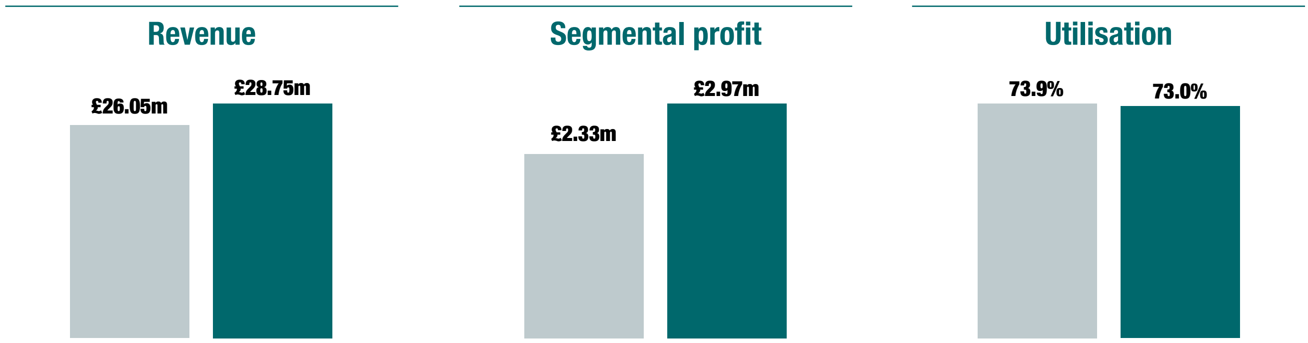
** Net cash / (borrowings) consists of cash and cash equivalents, bank loans and finance leases

*** Utilisation % is calculated by dividing the total hours billed by the total working hours available for chargeable staff

Operational Performance

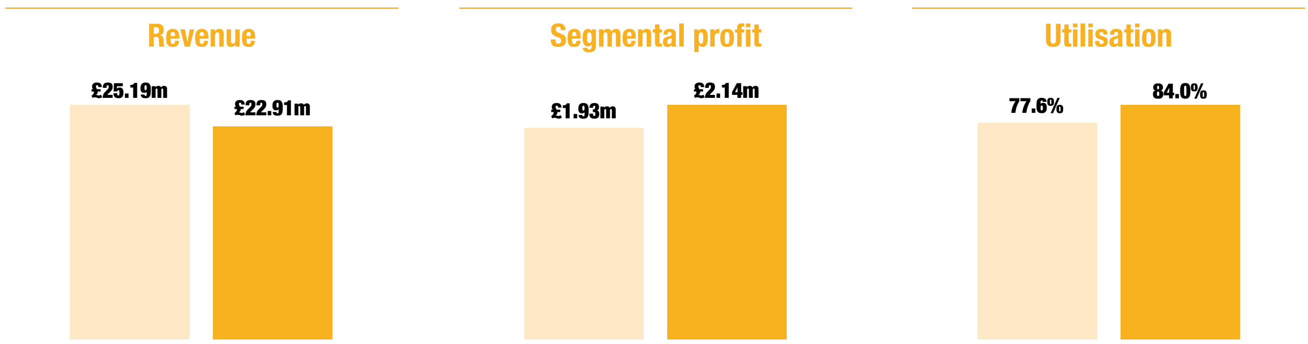
EUROPE AND AMERICAS

2017
2018



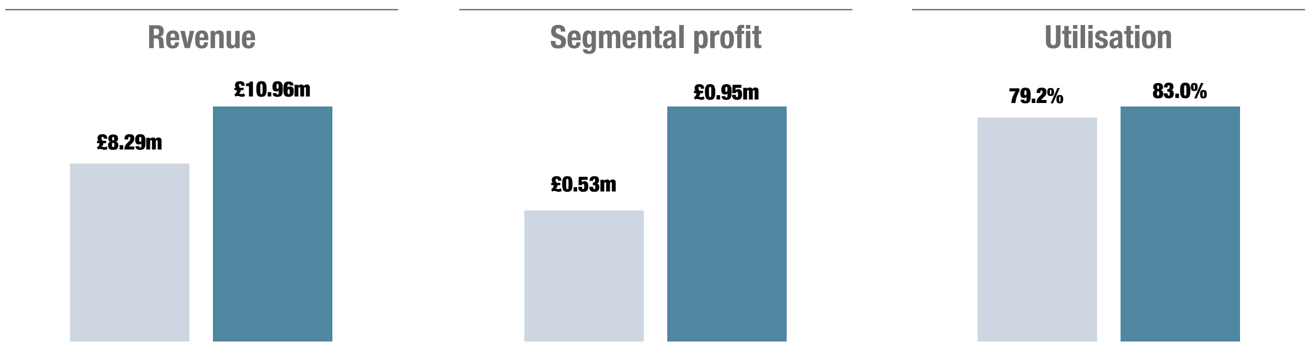
MIDDLE EAST

2017
2018



ASIA PACIFIC

2017
2018



Chief Financial Officer's Review

David Kilgour
Chief Financial Officer
10 December 2018

INCOME STATEMENT	2018 £m	2017 £m
Revenue	62.62	60.23
Cost of sales	(46.34)	(45.39)
Gross Profit	16.28	14.84
Recurring operating expenses	(12.31)	(12.09)
Net finance costs	(0.13)	(0.26)
Underlying* profit before tax	3.84	2.49
Exceptional items	-	(1.08)
Share based payments charge	(1.10)	(0.17)
Profit before Tax	2.74	1.23
Tax (expense)/credit	(0.57)	0.04
Profit from continuing operations	2.17	1.27
Loss on discontinued operation, net of tax	-	(0.98)
Profit for the year	2.17	0.30

In 2018 Driver Group delivered an excellent performance with the Group's Income Statement, Cashflow and Balance Sheet all strengthened as progress continued during the year. Over the past year, the following key financial metrics have improved:

KEY METRICS	2018	2017
Revenue	£62.62m	£60.23m
Gross Margin %	26.0%	24.6%
Underlying* Net Margin %	6.1%	4.1%
Utilisation Rates	80.0%	76.2%
NWC%	14.6%	18.3%
Cash Conversion %	136%	85%

Revenue increased by 4.0% to £62.62m (2017: £60.23m) and gross margin increased by 9.7% to £16.28m (2017: £14.84m). This improvement in gross margin along with our careful management of overheads (excluding share-based payments) following the restructuring in 2017, has resulted in an improved underlying* profit before tax margin of 6.1% (2017: 4.1%). The net cash** at the year end was £6.90m compared to net borrowings of £0.18m in 2017, which is a result of excellent cash management during the financial year as evidenced by a cash conversion rate of 136%.

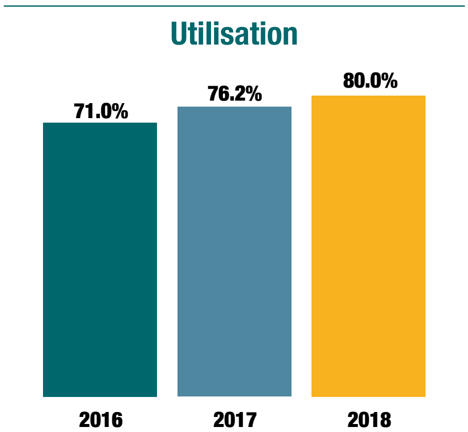
The Europe and Americas 'EuAm' region increased revenue by 10.3% to £28.75m (2017: £26.05m) and generated an increase in segmental profit of 27.3% to £2.97m (2017: £2.33m). This increase was predominantly driven by an excellent performance in the UK delivering an increase in revenues of 12.8% to £21.52m (2017: £19.08m) due to a combination of significant growth in the Diales technical business complemented by a strong performance from the Driver Project Services business. Contributions from the Netherlands and Germany helped contribute to the overall performance in the EuAm region.

The Middle East 'ME' region saw revenues drop during the year by 9.1% to £22.91m (2017: £25.19m) largely due to a major commission completing early in the year in the UAE and scaling back of the business in Oman. Partially offsetting this, significant growth was seen during the year in Qatar and Kuwait with an increase in revenues of 35.3% to £3.36m (2017: £2.48m) and 28.9% to £2.96m (2017: £2.30m) respectively. Segmental profit for the region increased to £2.14m (2017: £1.93m).

The Asia Pacific region 'APAC' saw revenues increase by 32.2% to £10.96m (2017: £8.29m). The majority of the significant growth in the year was in Singapore, with an increase in revenues of 47% to £8.07m (2017: £5.48m) and is now well established as a regional claims and dispute hub. Both Malaysia and Australia had a small and encouraging increase in revenue offset by a decrease in Hong Kong. Segmental profit for the region increased to £0.95m (2017: £0.53m) an increase of 80.0%. The APAC region continues to be a target for further growth opportunity.

The utilisation*** rate of chargeable staff across the business as a whole for the year stood at 80.0%, an increase from 76.2% in the prior year, with a degree of variability throughout the year ranging from a low of 69.9% to a high of 89.7%. This overall increase in utilisation is clearly a significant factor in the improved results for 2018 and is one of the businesses' key performance indicators.

After a net interest charge of £0.13m (2017: £0.26m) the underlying* profit before tax was £3.84m (2017: £2.49m) and the reported profit before tax was £2.74m (2017: £1.23m) after deduction of £1.10m for share-based payments (2017: £0.17m). The increase in the share-based



(1) Net Working Capital is calculated by taking the net sum of trade receivables, trade payables and financial derivatives and dividing by the sum of revenue and other operating income.
(2) Cash conversion is calculated by taking underlying *EBITDA divided by Cash generated from operations.

payment charge has been due to the issue of new options in the year and the strong performance of the Group. Details of the outstanding options can found in the Report of the Directors.

NET WORKING CAPITAL

At the end of the year, net cash** stood at £6.90m which compares very favourably to the net borrowings of £0.18m at the end of last year. This was a result of continued focus on working capital management as evidenced by the Net Working Capital percentage (NWC%)[1] of 14.6% (2017: 18.3%) and Cash Conversion[2] of 136% achieved during the year (2017: 85%).

TAXATION

The Group showed a tax charge of £0.57m (2017: credit £0.04m). The tax charge includes the effects of expenses not deductible for tax purposes and is calculated at the prevailing rates for the jurisdictions the Group operates, consequently, the effective tax rate for the year was 21% (2017: negative 3%). Adjusting for the share-based payments charge the effective tax rate reduces to 15% (2017: negative 3%).

EARNINGS PER SHARE

Underlying* continuing basic earnings per share was 6.1 pence (2017: 5.8 pence). The basic earnings per share was 4.0 pence (2017: 0.7 pence).

CASH FLOW

There was a net cash inflow from operating activities of £5.69m (2017: £2.18m), reflecting the reported profit for the year of £2.17m (2017: £0.30m) after depreciation and amortisation of £0.55m (2017: £1.22m) and the share-based payment charge of £1.10m (2017: £0.17m). Within that, there was an increase of £1.29m in trade and other receivables (2017: decrease of £0.83m), which was more than offset by the increase in trade and other payables of £2.94m (2017: decrease of £1.38m). Net tax paid in the year was £0.39m (2017: £0.03m).

There was a net cash inflow from investing activities of £1.50m (2017: outflow £0.25m) principally due to the sale of the head office building in May 2018 at £1.65m offset by capital expenditure of £0.35m (2017: £0.26m).

Net cashflow from financing activities was an outflow of £2.17m (2017: inflow of £5.73m) with the current year reflecting the repayment of borrowings of £2.00m largely due to the proceeds received from the sale of the head office building and the sale of initiate and scheduled term loan repayments. The prior year inflow was hugely influenced by the net proceeds of £8.11m due to the equity raise in February/March of 2017.

CASHFLOW	£m
Net borrowings** at 30 September 2017	(0.18)
Operating cash flow before changes in working capital	4.42
Increase in Trade and other recievables	(1.29)
Increase in Trade and other payables	2.94
Tax paid	(0.39)
Net interest paid	(0.13)
Capital spend	(0.35)
Repurchase of shares	(0.02)
Disposal of subsidiary, net of cash disposed of	0.20
Proceeds from the disposal of property, plant and equipment	1.65
Effects of Foreign Exchange	0.05
Net cash** at 30 September 2018	6.90

DIVIDENDS

The Directors propose a dividend for 2018 of 0.5p per share (2017: £nil).

“In 2018 Driver Group delivered an excellent performance with the Group’s Income Statement, Cashflow and Balance Sheet all strengthened as progress continued during the year.”

* Underlying figures are stated before the share-based payment costs, exceptional items and amortisation of intangible assets

**Net cash / (borrowings) consists of cash and cash equivalents, bank loans and finance leases

***Utilisation % is calculated by dividing the total hours billed by the total working hours available for chargeable staff

Risk Management

The Board outlines the principal risks that the Directors consider could impact the business. The Board continually reviews the risks facing the Group and ensures the controls in place to mitigate any potential adverse impact are working effectively. The Board recognises the nature and scope of risks can change over time and there may be other risks to which the Group is exposed

PRINCIPAL RISKS AND UNCERTAINTIES

CREDIT RISK

The Group's credit risk is primarily attributable to its trade receivables. The risk increases as our business expands into new territories where payment of outstanding receivables can be slower. Credit risk is managed by running credit checks on customers and by monitoring payments against contractual terms. There is a clear internal process for elevating potential problems in recovering debts such that prompt action is taken to recover debts at the earliest possible point and legal action is taken where necessary.

LIQUIDITY

The Group monitors cash flow as part of its day to day control procedures. The Board reviews cash flow projections and ensures that appropriate facilities are available to be drawn upon as necessary. At the year end, the Group's borrowing facilities consisted of a term loan with a balance outstanding of £3.1m (2017: £5.0m) repayable over the period from 30 June 2018 to 28 February 2020 and a revolving credit facility of £3.0m repayable on 28 February 2020. With the £3.0m revolving credit facility undrawn and cash balances of £10.0m the Group had access to £13.0m of available funds at 30 September 2018. The Group's facilities with the bank are secured by means of debentures over the Group's assets.

REPUTATION RISK

The quality and experience of our people is fundamental to our success, and we are committed to the development and training of our staff. All assignments are managed by a director who remains directly responsible until its conclusion and will regularly re-evaluate the client's requirements and issues.

UTILISATION RISK

Utilisation risk is attributable to the number of hours billed by staff and sub consultants generating revenue against the costs of their services. The Group manages the risk by monitoring expected revenue across the Group and employing flexible mobile staff and managing peak workloads through the use of sub consultants.

TREASURY POLICIES AND FOREIGN EXCHANGE MANAGEMENT

Treasury operations are managed centrally and operate to reduce financial risk, ensure sufficient liquidity is available for the Group's operations and to invest surplus cash. Corporate Treasury does not operate as a profit centre and does not take speculative positions. The Company regularly invoices in Euros for work performed in Europe as well as receiving foreign currency income in UAE Dirhams ("AED"), Omani Rials ("OMR"), Kuwaiti Dinar ("KWD") and Qatari Riyals ("QAR") from its Middle East businesses; Malaysian Ringgit ("MYR"), Singapore Dollars ("SGD"), Hong Kong Dollars ("HKD") and Australian Dollars ("AUD") from its Asia Pacific operations and Canadian Dollars ("CAD") generated in Canada. The Group is therefore exposed to movements in these currencies relative to Sterling. AED, OMR and QAR are currently linked to the US Dollar. Foreign currency balances in excess of forecast amounts required to fund projected outgoings are returned to the UK and have been converted to Sterling balances during the year at spot rate. Euro exposure is managed through the use of a foreign currency overdraft facility, which is used to match up to 90% of the value of the Euro debtor balance against Euro borrowings. The net value of AED, OMR, QAR, KWD, SGD, AUD and HKD exposure is managed using foreign currency hedge contracts to provide a targeted level of cover of between 60% and 80% of the net income statement exposure. Other currencies are hedged where outstanding amounts become material. This policy is regularly reviewed by the Board. Details of the foreign currency financial instruments in place at 30 September 2018 are shown in note 22 to the accounts. As a consequence of the earnings generated in the Middle East, Canada, Asia Pacific as well as Euro earnings generated in the UK, the Group's net income and its equity is exposed to movements in the value of Sterling relative to the Canadian Dollar, Malaysian Ringgit, Singapore Dollar, Hong Kong Dollar, Australian Dollar and Euro. The estimated impact of movements in the Sterling exchange rate on profits and equity are summarised in note 22 to the Financial Statements. As non-Sterling earnings increase, the exposure of the Group's Income Statement and Equity to movements in Sterling will increase as well.

CONTINGENCIES AND LEGAL PROCEEDINGS

The Group monitors all material contingent liabilities, through a process of consultation and evaluation which includes senior management, internal and external advisors. This process results in an evaluation of potential exposure and provisions are made or adjusted accordingly by reference to accounting principles. No contingent liabilities have been recognised at the year end.

HEALTH AND SAFETY

Driver Group is committed to ensuring the health and safety of its employees in the workplace and where possible implementing health and safety policy improvements. Driver Group continues to invest in the training and development of safe working practices. The Group measures its health and safety policies through three metrics: lost time due to accidents, lost time days, and reportable accidents. No time was lost because of a reported incident during the year.

Directors and Advisors

Steven Norris
Non-Executive Chairman

Steve was a Member of Parliament from 1983 – 1997 serving as Parliamentary Private Secretary in the Departments of Environment, Trade and Industry and the Home Office before becoming Minister for Transport in 1992. He is Chairman of Soho Estates and Senior Advisor to BNP Paribas Real Estate/Strutt & Parker. He is a member of the Board of Cubic Corporation Inc (NYSE: CUB) and Deputy Chairman of Optare plc. Steve is Chairman of the National Infrastructure Planning Association and a Commissioner of the Independent Transport Commission. He served on the Treasury's HS2 Growth Task Force and is an Honorary Fellow of the Association for Project Management, a Companion of the Institution of Civil Engineers, a Fellow of the Royal Institution of Chartered Surveyors and an Honorary Life Member of the Railway Civil Engineers Association.

David Kilgour
Chief Financial Officer

David is a Chartered Accountant with over 25 years' experience in the engineering, infrastructure and utilities sectors. He was formerly Managing Director for Amec plc of a renewable power developer and consultancy business and previously Finance Director for United Utilities plc of the international and non-regulated operations.

David has extensive financial and operational experience of managing international businesses.

John Horgan
Non-Executive Director

John was formerly the Managing Director and Deputy CEO for AECOM's business in Europe, the Middle East, Africa and India. He previously served as Managing Director for Europe, Middle East and India for URS and prior to that was Managing Director of International Operations for Scott Wilson plc. He has held Managing Director level positions in UK companies for more than thirty years.

John was formerly Chief Executive Officer and co-founder of the consulting engineering firm Cameron Taylor, an AECOM legacy company. John has overseen a diverse range of structural engineering projects in his 40-year career, from designing North Sea oil rigs to heritage work for the Crown Estate, as well as numerous industrial and residential projects for developer clients. He has a keen interest in the conservation of historic buildings. John has a BSc in Civil Engineering from Lanchester Polytechnic and is a fluent French speaker.

Gordon Wilkinson
Chief Executive Officer

Gordon's initial consultancy experience was gained with KPMG from 1989 to 2000 where he progressed to become a full equity partner, responsible for a number of business units in the Consulting Division. More recently he was a Director at AECOM where he was Head of the Global Consulting and Cost Management Businesses. Prior to AECOM he was a Director at Arup and a member of Arup's UKMEA Board with responsibility for the UKMEA Consulting division.

Mark Wheeler
Chief Operating Officer

Mark is an Engineer and Surveyor with over 25 years' engineering experience within the construction industry, including major civil engineering, building and power projects.

He specialises in providing expert services support, quantum and technical reports for support in construction dispute resolution. This is achieved by means of litigation, adjudication, arbitration or mediation. He acts as an expert witness in both technical and quantum disputes and has cross examination experience.

Mark also has experience in working with a wide range of contracts, including JCT, FIDIC and the NEC3 form. He regularly advises on the practical application and use of NEC3.

Peter Collini
Non-Executive Director

Peter, ACA, is a corporate finance professional with extensive experience leading significant international transactions. He set up Riverhill Partners, an independent advisory practice, in 2005 and advises public, private equity and state-owned businesses.

Peter was a Managing Director at Deutsche Bank's Investment Bank, a chartered accountant practising tax with PwC and holds an MA in Engineering from Oxford University.

COMPANY SECRETARY
Thomas Ferns

REGISTERED OFFICE
Driver House,
4 St Crispin Way,
Haslingden,
Lancashire, BB4 4PW

Tel: +44 (0)1706 223 999
Fax: +44 (0)1706 219 917
Email: InvestorRelations@driver-group.com
Tel: +44 (0)20 7377 0005
www.driver-group.com
Fax: +44 (0)20 7377 0705
Email: info@driver-group.com

REGISTERED NUMBER
3475146

AUDITORS
BDO LLP,
3 Hardman Street,
Spinningfields,
Manchester, M3 3AT

BANKERS
HSBC Bank plc,
1 Forest Green,
Caxton Road,
Fulwood,
Preston PR2 9LJ

SOLICITORS
Haynes and Boon LLP,
9-13 St Andrew Street,
London, EC4M 7JR

NOMINATED ADVISORS
Nplus 1 Singer Advisory LLP,
One Bartholomew Lane,
London, EC2N 2AX

BROKERS
Nplus 1 Singer Advisory LLP,
One Bartholomew Lane,
London, EC2N 2AX

REGISTRARS
Neville Registrars Limited,
Neville House,
18 Laurel Lane,
Halesowen, B63 3DA

Report of the Directors

David Kilgour
Chief Financial Officer
10 December 2018

The Directors present their Report and the Consolidated Financial Statements of Driver Group plc ("the Group") and its subsidiary companies for the year ended 30 September 2018.

BUSINESS REVIEW

A review of the business is contained within the Strategic Report.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the Financial Statements.

FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Group including the policy for hedging foreign currency risk, are outlined in the Strategic Report and note 22.

DIRECTORS

The Directors during the year under review were:

- S J Norris
- G Wilkinson
- M Wheeler
- D J Kilgour (appointed 12 December 2017)
- J B G Horgan
- P M Collini
- H C L Cawley (resigned 12 December 2017)
- C E Davies (resigned 31 October 2017)

The beneficial interests of the Directors in office during the year in the issued share capital of the Company were as follows:

DIRECTORS INTERESTS	30 September 2018 Ordinary 0.4p Shares	30 September 2017 Ordinary 0.4p Shares
S J Norris	237,562	237,562
G Wilkinson	650,000	650,000
M Wheeler	300,000	300,000
D J Kilgour	50,000	-
J B G Horgan	50,000	50,000
P M Collini	50,000	50,000
C E Davies	100,000	100,000
H C L Cawley	46,191	46,191

On 27 March 2015 Mr Norris was granted new options over a maximum of 600,000 shares exercisable at 63.5p per share. These options are conditional on the underlying* earnings per share of the company for the year ended 30 September 2017. These targets were not met and as such the options lapsed. On 22 February 2018 Mr Norris was granted 150,000 new performance options exercisable at £nil consideration. The options will vest if the company achieves specified profit before share-based payment costs, amortisation of intangible assets, exceptional items and tax "PBET" as follows: 50,000 shares if PBET for the year ended 30 September 2018 is equal or exceeds £3.0m, a further 50,000 shares if PBET for the year ended 30 September 2019 is equal or exceeds £3.7m and a further 50,000 shares if PBET for the year ended 30 September 2020 is equal or exceeds £4.5m. The profit target for September 2018 has been met but the options of 50,000 have not yet been exercised.

On 8 December 2015 Mr Wilkinson was granted new options over 800,000 shares exercisable at £nil consideration. These options were contingent on the purchase of Driver Group plc shares by Mr Wilkinson and the future performance of the company. The options over 200,000 shares vested immediately if Mr Wilkinson also purchased 200,000 shares on his own accord before 30 September 2016. The 600,000 performance options would have vested should the company have achieved specified underlying earnings per share targets for the year ending 30 September 2018 as follows: 200,000 shares if earnings per share were between 20.0 pence and 24.99 pence, a further 200,000 shares if earnings per share were between 25.0 pence and 29.99 pence and a further 200,000 shares if earnings per share were 30.0 pence or higher.

On 22 September 2016 the above 800,000 options for Mr Wilkinson were modified with 1,300,000 options plus potential performance related options exercisable at £nil consideration. The options are conditional on the purchase of Driver Group plc shares by Mr Wilkinson and the future performance of the company. The options over 400,000 shares vested immediately if Mr Wilkinson also purchases 400,000 shares on his own accord. The 900,000 performance options will vest if the company achieves specified profit before share-based payment costs, amortisation of intangible assets, exceptional items and tax "PBET" as follows: 300,000 shares if PBET for the year ended 30 September 2017 is equal to or exceeds £2,400,000; a further 300,000 shares if PBET for the year ended 30 September 2018 is equal to or exceeds £3,000,000; and a further 300,000 shares if PBET for the year ended 30 September 2019 is equal to or exceeds £3,700,000. In addition to these options, Mr Wilkinson can also exercise a further 50,000 shares per year for each additional £500,000 profit by which the above PBET thresholds are exceeded.

On 22 February 2018 there was a deed of variation to the above 2016 options agreement for Mr Wilkinson. This variation was for a further 600,000 options exercisable at £nil consideration and will vest as follows; 300,000 shares if PBET for the year ended 30 September 2020 is equal to or exceeds £4.5m and a further 300,000 shares if PBET for the year ended 30 September 2021 is equal to or exceeds £5.5m. In addition to this, the additional performance options above, where Mr Wilkinson receives a further 50,000 shares per year for each additional £500,000 profit by which the PBET thresholds are exceeded, have been amended for the years 2018 and 2019, and extended to the years 2020 and 2021 to be as follows; a further 10,000 shares for each additional £100,000 by which the PBET threshold is exceeded.

On 30 September 2016 Mr Wilkinson purchased 400,000 shares and the PBET target for September 2017 and September 2018 has been met, with September 2018 exceeding the target by £800,000.

Mr Wilkinson has not yet exercised any of the above share options. During the prior year Mr Wilkinson also purchased a further 250,000 shares.

On 22 February 2018 Mr Wheeler was granted new options over 800,000 shares exercisable at £nil consideration. 200,000 of these options were an unconditional award to Mr Wheeler in recognition of his contribution to the improvement in the trading performance and prospects of the Group over the last eighteen months. The remaining 600,000 are performance options and will vest if the company achieves specified profit before share-based payment costs, amortisation of intangible assets, exceptional items and tax "PBET" as follows: 200,000 shares if PBET for the year ended 30 September 2018 is equal or exceeds £3.0m, a further 200,000 shares if PBET for the year ended 30 September 2019 is equal or exceeds £3.7m and a further 200,000 shares if PBET for the year ended 30 September 2020 is equal or exceeds £4.5m. In addition to these options, Mr Wheeler can also exercise a further 6,667 shares for each additional £100,000 by which the PBET thresholds are exceeded. The PBET target for September 2018 was exceeded by £800,000 and Mr Wheeler has not exercised any of the above share options.

During the prior year Mr Wheeler exercised 400,000 historical share options, of which, 200,000 were at £nil consideration and 200,000 were at 21.5 pence per share. Mr Wheeler also sold 100,000 shares in that year.

On 22 February 2018 Mr Kilgour was granted new options over 200,000 shares exercisable at £nil consideration. 50,000 of these options were conditional on Mr Kilgour also purchasing 50,000 Driver Group plc shares which Mr Kilgour satisfied in the year. The remaining 150,000 are performance options and will vest if the company achieves specified profit before share-based payment costs, amortisation of intangible assets, exceptional items and tax "PBET" as follows: 50,000 shares if PBET for the year ended 30 September 2018 is equal or exceeds £3.0m, a further 50,000 shares if PBET for the year ended 30 September 2019 is equal or exceeds £3.7m and a further 50,000 shares if PBET for the year ended 30 September 2020 is equal or exceeds £4.5m. In addition to these options, Mr Kilgour can also exercise a further 1,667 shares for each additional £100,000 by which the PBET thresholds are exceeded. The PBET target for September 2018 was exceeded by £800,000 and Mr Kilgour has not exercised any of the above share options.

During the prior year Mr Horgan and Mr Collini both purchased 50,000 shares each.

The Company has established an Employee Benefit Trust in which all the employees of the Group, including Executive Directors, are potential beneficiaries. At 30 September 2018, the Trust owned 3,677 (2017: 158,677) shares which it acquired at an average of 73p per share (note 11).

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' INDEMNITY COVER

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

AUDITORS

BDO LLP are willing to continue in office and a resolution proposing their re-appointment as auditors of the Company and authorising the Directors to fix their remuneration will be put to the shareholders at the Annual General Meeting.

On behalf of the Board:
David Kilgour
Chief Financial Officer

Corporate Governance Statement

INTRODUCTION

The board of directors (the "Board") of Driver Group plc (the "Company") recognises the importance of good corporate governance and has elected to adopt the QCA Corporate Governance Code which was published on 25 April 2018 ("QCA Code") as its corporate governance code. The Board believes that this provides an appropriate and suitable framework for a group of our size and complexity.

This Corporate Governance Statement will be updated on the date of publication of the audited accounts of the Company and its subsidiaries (the "Group") for the financial year ending 30 September 2019 and thereafter annually at the same time as the publication of the audited accounts of the Company for each financial year.

THE BOARD

The Board consists of three Executive Directors comprising Gordon Wilkinson (Chief Executive Officer), David Kilgour (Chief Financial Officer) and Mark Wheeler (Chief Operating Officer) and three Non-Executive Directors comprising Steven Norris (Chairman), John Horgan and Peter Collini.

The three Executive Directors work full time in the business.

The Non-Executive Directors are expected to attend Board meetings, meetings of Board committees (of which they are members), annual general meetings and any other shareholder meetings convened from time to time.

The Non-Executive Directors are considered by the Company to be independent in that: (i) none of them are executive officers of the Company; and (ii) none of them have a relationship with the Company that will interfere with the exercise of independent judgment in carrying out their responsibilities as Directors. As mentioned in the report of directors, Steven Norris has been granted an option to purchase up to 150,000 shares, however, these are not considered by the Company to impact his independence.

Each of the Non-Executive Directors (along with the Executive Directors) is subject to re-election as a director at least once every 3 years at an annual general meeting of the Company.

The Chairman is responsible for the leadership of the Board and for ensuring that the corporate governance of the Group is maintained in line with appropriate practice and policies agreed by the Board. The Board meets at least six times a year and is responsible for the overall strategy and financial performance of the Group. Each Board meeting is preceded by a clear agenda and any relevant information is provided to the directors in advance of the meeting.

The Board has put in place a schedule of matters that are reserved for decision by the Board (or which need to be referred to the Board) and these are set out in Appendix 1 of the Corporate Governance Statement on our website.

AUDIT COMMITTEE

The audit committee comprises Peter Collini who is a Chartered Accountant and as such a recognised financial expert and John Horgan. Other directors may attend by invitation.

The audit committee is expected to meet at least twice a year and at such other times as may be required.

The primary function of the audit committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other information provided by the Company to shareholders, the Group's systems of internal control regarding finance and accounting and the Group's auditing, accounting and financial reporting processes.

The audit committee's primary duties and responsibilities are to serve as an independent and objective party to monitor the Group's financial reporting and internal control system, to review the Group's financial statements, to review and appraise the performance and independence of the Group's external auditors and to provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

The Company does not publish a separate audit committee report as it considers that the time and expense involved cannot be justified given the size of the Group and its needs.

The terms of reference of the audit committee are set out in Appendix 2 of the Corporate Governance Statement on our website.

REMUNERATION COMMITTEE

The remuneration committee comprises John Horgan, Steven Norris and Peter Collini. Other directors may attend by invitation.

The remuneration committee is expected to meet not less than twice a year and at such other times as may be required.

The principal function of the remuneration committee is to determine the policy on the remuneration packages of the Company's Executive Directors and other senior executives designated by the Board.

The remuneration committee has responsibility for: (i) recommending to the Board a remuneration policy for directors and executives and monitoring its implementation: (ii) approving and recommending to the Board and the Company's shareholders, the total individual remuneration package of each executive director (including bonuses, incentive payments and share awards); (iii) approving and recommending to the Board the individual remuneration package of other senior executives (including bonuses, incentive payments and share awards); (iv) approving the design of, and determine targets for, any performance related share schemes operated by the Company; and (v) reviewing the design of all equity-based incentive plans for approval by the Board.

No Director or member of management may be involved in any discussions as to their own remuneration.

The performance of the Chairman and Non-Executive Directors will be reviewed by the Executive Directors.

Performance is normally reviewed in September of each year with any revisions normally taking place in October.

The Company includes a Directors' Remuneration Report on page 24 of these accounts.

The terms of reference of the remuneration committee are set out in Appendix 3 of the Corporate Governance Statement on our website.

EXPERIENCE OF THE BOARD

Details of the individual directors and their experience are set out in the Directors and Advisors section of these accounts on page 17.

Each individual director has personal responsibility for keeping up to date on matters which may be relevant to their role as a director.

The Company's nominated advisor, retained solicitors and retained accountants are available to deal with any questions which arise in relation to the application of the AIM Rules, legal matters or accountancy matters. Details of the relevant advisors can be found in the Directors and Advisors section of these accounts on page 17.

In order to ensure their independence, the Non-Executive Directors are also entitled to obtain independent legal advice, at the cost of the Company, in relation to matters which arise where they consider independent advice is required.

The Company Secretary is responsible for providing support to the Chairman and the Board on corporate governance, regulatory and compliance matters, dealing with procedural matters that arise from time to time and dealing with all matters relating to the annual general meeting and any other shareholder meetings.

During the year ended 30 September 2018, the Company's nominated advisor and accountants have advised the Company on routine matters within the scope of their respective engagement letters. The Company's solicitors have advised on corporate governance matters and share option matters.

BOARD EVALUATION, EFFECTIVENESS AND SUCCESSION PLANNING

The performance of the Executive Directors as individuals is monitored by the remuneration committee as set out above.

The performance of the Chairman and Non-Executive Directors as individuals is reviewed by the Executive Directors.

The Company has not historically carried out a formal evaluation of the performance of the Board but intends to do so in the future. A Board effectiveness review will be undertaken annually through the completion of an internal questionnaire to be circulated to all Directors as part of the review of the year end accounts and returned to the Chairman. The questionnaire will ask the directors to rate the Board's performance in a number of key areas around Board composition, processes, activities and behaviours. The results will be considered and discussed at a meeting of the Board. Any recommendations arising from such review will be identified and addressed.

The initial evaluation of performance will be completed following the publication of the 2018 accounts and any recommendations and progress against the recommendations will be included in the accounts for the year ending 30 September 2019.

With regard to succession planning, the Company considers that at this stage, and given the current size of the Board, it is not necessary to establish a formal nominations committee. The Board as a whole considers the appointment of all Directors and senior managers. The position will be reviewed on a regular basis by the Board.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The Directors attendance at meetings of the Board and meetings of the audit committee constituted by the Board during the financial year ended 30 September 2018 are as follows;

ATTENDANCE	Board Meeting		Audit Committee Meeting	
	Eligible	**Attended**	**Eligible**	**Attended**
Steven Norris	10	10	-	1
John Horgan	10	8	3	3
Peter Collini	10	10	3	3
Gordon Wilkinson	10	10	-	3
David Kilgour	6	6	-	2
Mark Wheeler	10	9	-	-

Note 1: Although not members of the audit committee, Steven Norris, Gordon Wilkinson and David Kilgour attended by invitation.

Note 2: David Kilgour was appointed director on 12 December 2017 and therefore not required to attend Board meetings prior to that date.

A number of meetings of the remuneration committee were held over a number of weeks prior to 19 January 2018 as part of the annual review. Each member of the remuneration committee attended the meetings.

NON-EXECUTIVE DIRECTOR TERMS OF APPOINTMENT

Steven Norris, John Horgan and Peter Collini have each entered into appointment letters with the Company.

The appointment letter of Steven Norris is terminable by either party on 12 months' written notice and the appointment letters of John Horgan and Peter Collini are terminable on 3 months' written notice by either party. The appointment letters contain provisions for earlier termination in certain circumstances. For example, the appointment letters can be terminated earlier for material breach and terminate immediately where a director is not re-elected at an annual general meeting of the Company where he is subject to retirement by rotation.

Steven Norris is currently paid £5,000 per calendar month, John Horgan £2,500 per calendar month and Peter Collini £2,500 per calendar month. Fees are reviewed annually.

STRATEGY AND BUSINESS MODEL

The Strategic Report includes a detailed description of our business, the relevant risks that we consider applying to our business and how we manage those risks.

As mentioned in the Chairman's Statement, the Group's strategy is to focus on those areas where we believe we have a particularly strong position, which is in claims, dispute resolution and in expert witness work, and to consolidate the Group's position in its areas of expertise.

SHAREHOLDER NEEDS AND EXPECTATIONS

The Company encourages the participation of both institutional and private investors in order to understand their needs and expectations.

Steven Norris (Chairman), Gordon Wilkinson (Chief Executive Officer) and David Kilgour (Chief Financial Officer) can be contacted on the email and telephone number provided in the Investors section of our website under the heading "Investor and Media Contacts".

Meetings with institutional shareholders are held twice a year following the announcement of the Group's interim and final results and feedback is encouraged both at the meetings and following such meetings (either directly or through the Company's nominated advisor).

Communication with investors (both private and institutional) is also maintained through the annual general meeting, and the annual reports and interim reports published by the Company which are available in the Investor section of our website under the heading "Results and Reports".

Details of our strategy and performance are included in these accounts and can be found on our website. We include copies of press releases on our website to keep shareholders informed and up to date.

The Group is always willing, where practicable and subject to its regulatory obligations, to discuss its objectives with shareholders.

STAKEHOLDERS AND SOCIAL RESPONSIBILITY

In addition to its shareholders, the Company considers its staff and customers to be key stakeholders in its business as they are fundamental to the success of the business.

Employees are encouraged to provide feedback on training, policies and remuneration as part of their annual review.

Customer assignments are managed by a director who remains responsible until its conclusion and who will regularly re-evaluate the client requirements and issues.

The Group's remuneration policy is to provide a remuneration package to attract, motivate and retain high calibre individuals, who will deliver significant value to the Group. We are committed to the development and training of our staff.

The Group is also committed to ensuring the health and safety of its employees in the workforce and where possible implementing health and safety policy improvements. The Group invests in training and development of safe working practices. The Group measures its health and safety policies through 3 metrics: lost time due to accidents, lost time delays and reportable incidents.

The Group operates an Anti-Slavery and Human Trafficking Policy which is published on our website and has implemented an Anti-Corruption Policy which has been made available to all employees. The Group takes a zero-tolerance approach to acts of bribery and corruption.

The Board do not consider that there are any material action points in terms of engagement with stakeholders at the present time.

CORPORATE CULTURE

The Group's culture is one of employee and client focus as both are fundamental to the success of the business.

As mentioned in the above paragraph, the Group is committed to ensuring the health and safety of its employees and operates an Anti-Slavery and Human Trafficking Policy which is published on our website and has implemented an Anti-Corruption Policy which has been made available to all employees.

The Group has also adopted corporate values and policies to encourage employee and client engagement in relation to its business. These are published on our website and set out below:

INNOVATION

Our policy is to try to recruit only the best professionals in the business and utilize their skills and experience to create innovative and flexible solutions at every opportunity.

PEOPLE

We value ideas based on merit and regardless of position, treat people with consideration. We strive to be the employer of choice in our industry, recruiting top quality professionals and providing them with respect, opportunities and the support to excel within our team.

OUR CLIENTS

We focus on building professional relationships, delivering great quality service and real value that supports the requirements for each project. Our commitment to our client's success is how we measure ourselves.

INTEGRITY
We strive to apply the highest professional, ethical and technical standards throughout our organization. We encourage accountability at all levels.

TRANSPARENCY
We strive to communicate openly, honestly and with clarity of actions and words at all times. We seek to deliver best practice solutions on every occasion.

The Company welcomes feedback from our employees and clients and will review its corporate culture, ethical values and social responsibility obligations annually as part of the Board evaluation process. As part of that review the Board will request feedback from employees and Directors who manage customer assignments.

RISK MANAGEMENT
The Board has overall responsibility for the Group's systems of internal control and for monitoring their effectiveness. Although no system of internal control can provide absolute assurance against material misstatements or loss, the Group's systems are designed to provide the directors with reasonable assurance that issues are identified on a timely basis and dealt with appropriately.

The Group has an established organisational structure with clearly defined lines of authority, responsibility and accountability, which is reviewed regularly. Group management is responsible for the identification and evaluation of key risks applicable to their areas of business.

The Board has considered the need for an internal audit function but has resolved that due to the current size and complexity of the Group, this cannot be justified on the grounds of cost effectiveness.

SHAREHOLDER INFORMATION
The Company announces the voting decisions of shareholder meetings. In addition, where votes are cast at a general meeting on a show of hands, the votes by proxy received by the Company, including abstentions or votes withheld, will be reported in the Investors section of the Company website under the heading "Voting Results". Where votes are conducted on a poll, the actual votes, including votes withheld and/or abstentions, will be reported in the Voting Results section of our website.

Where a significant proportion of votes (20 per cent or more) have been cast against a resolution at a general meeting, the Company will provide an explanation on its website of what actions it intends to take to understand the reasons behind that vote result and, where appropriate, any different action it has taken, or will take, as a result of the vote.

Notices of all general meetings for the last 5 years can be found in the Investors section of our website under the heading "Notices of General Meetings".

The annual reports and interim reports for the last 5 years can be found in the Investors section of our website under the heading "Financial Reports".

UK CITY CODE ON TAKEOVERS AND MERGERS
The Company is subject to the UK City Code on Takeovers and Mergers.

ANNUAL REVIEW
This Corporate Governance Statement is effective as at 30 September 2018 and was last reviewed on that date.

The Corporate Governance Statement will be updated further on the date of publication of the audited accounts of the Group for the financial year ending 30 September 2019 and thereafter annually at the same time as the publication of the audited accounts of the Company for each financial year.

Directors' Remuneration Report

For the year ended 30 September 2018

The members of the Remuneration Committee are John Horgan (Chairman), Steven Norris and Peter Collini who are independent Non-Executive Directors.

REMUNERATION POLICY

The Group's remuneration policy is to provide a remuneration package to attract, motivate and retain high calibre individuals, who will deliver significant value to the Group.

DIRECTORS' REMUNERATION REVIEW

Remuneration is reviewed in September each year with any revisions taking place from the beginning of October.

The committee awarded rewards that reflect the significant improvement in business performance, in accordance with the policy and existing contractual terms. Share option arrangements were revised to align and conform with performance targets across the executive.

Bonuses may be awarded to the Executive Directors based on the performance of the Company or where there is a contractual obligation.

On behalf of the Board
John Horgan
Chairman of the Remuneration Committee
10 December 2018

DIRECTORS' REMUNERATION 2018	Salary and fees £	Bonus £	Overseas expenses £	Benefits £	Cash Compensation for loss of office £	Car allowance £	Pension £	Total Remuneration £
Gordon Wilkinson (1)(2)	424,615	225,000	-	683	-	12,000	40,000	702,298
David Kilgour (1)(3)	144,628	20,000	-	979	-	10,864	-	176,471
Mark Wheeler (1)(7)	339,606	50,000	-	2,462	-	12,000	9,671	413,739
Steven Norris (1)	60,000	-	-	-	-	-	-	60,000
John Horgan	30,000	-	-	-	-	-	-	30,000
Peter Collini	30,000	-	-	-	-	-	-	30,000
Hugh Cawley(4)	142,500	-	-	-	-	9,000	7,125	158,625
Colin Davies(5)	2,333	-	-	-	-	-	-	2,333
David Webster(6)	-	-	-	-	-	-	-	-
Total	1,173,682	295,000	-	4,124	-	43,864	56,796	1,573,466

DIRECTORS' REMUNERATION 2017	Salary and fees £	Bonus £	Overseas expenses £	Benefits £	Cash Compensation for loss of office £	Car allowance £	Pension £	Total Remuneration £
Gordon Wilkinson (1)(2)	353,873	151,250	-	707	-	12,000	33,867	551,697
David Kilgour (1)(3)	-	-	-	-	-	-	-	-
Mark Wheeler (1)(7)	107,068	40,000	-	2,410	-	4,478	3,994	157,950
Steven Norris (1)	57,875	-	-	-	-	-	-	57,875
John Horgan	18,625	-	-	-	-	-	-	18,625
Peter Collini	11,429	-	-	-	-	-	-	11,429
Hugh Cawley(4)	190,000	-	-	-	-	12,000	9,500	211,500
Colin Davies(5)	28,000	-	-	-	-	-	-	28,000
David Webster(6)	10,892	-	1,129	-	32,558	-	-	44,579
Total	777,762	191,250	1,129	3,117	32,558	28,478	47,361	1,081,655

1 Share option charge in respect of options held by directors is £1,065,743 (2017: £118,000).
2 During the prior year Gordon Wilkinson was paid a bonus of £190,000 which is subject to a retention clause to 31 December 2018. An amount of £95,000 has been recognised as an expense in these financial statements and in the above figure with respect to this payment.
3 David Kilgour was appointed to the Board as Chief Financial Officer on 12 December 2017.
4 Hugh Cawley resigned as Group Finance Director effective 12 December 2017 but retained his contractual entitlements to June 2018.
5 Colin Davies resigned as a Non-Executive Director on 31 October 2017.
6 David Webster resigned as a Non-Executive Director on 17 February 2017.
7 Mark Wheeler was appointed to the board as Chief Operating Officer on 17 May 2017.

For the year to 30 September 2018, the remuneration of Non-Executive Directors was set by the Board and consisted of an annual fee paid in equal monthly instalments.

Statement of Directors' Responsibility

The Directors are responsible for preparing the Strategic Report, Report of the Directors, the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the Group for that period. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and 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; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group 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.

Independent auditor's report to the members of Driver Group plc

OPINION

We have audited the financial statements of Driver Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes in equity, the parent company balance sheet, the parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- The financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2018 and of the group's profit for the year then ended;
- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATED TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

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

Revenue Recognition	How We Addressed the Key Audit Matter
The group has various sources of revenue which have different revenue recognition policies depending on when the relevant criteria for recognition have been met, in line with the group's revenue accounting policy shown in note 1 to the financial statements. There could be the potential for management override in relation to this. Specifically, our identified risk is in relation to cut off around year end, given that this involves a higher level of judgement by management to determine whether revenue should be recognised before or after the year end.	We obtained assurance over revenue being recognised in accordance with the group's accounting policies and with appropriate treatment of cut off by: ■ Reviewing a sample of items to assess the group's authorisation control over revenue being recognised in line with group policy, to ensure this was operating appropriately. This included agreement of a sample of sales to underlying supporting documentation. ■ Reviewing a sample of sales items to supporting documentation around the year end to ensure cut off had been treated correctly, including agreeing a sample of sales back to the original contracts and payments from the customers.

Trade Receivables Recoverability	How We Addressed the Key Audit Matter
As described in note 26 (critical accounting estimates and judgements), management estimate the provision required for doubtful receivables. As at 30 September 2018, as shown in note 13, the group held trade receivables of £17,807k (2017: £16,130k). Judgement is required to assess the appropriate level of provisioning for receivables which may not be recoverable. Such judgements include management's expectations of future payment based on the relevant circumstances of each customer. Given the higher level of judgement involved by management, this is a significant audit risk.	We obtained assurance over management's judgements applied in calculating the amount of receivables provisions. ■ Reviewing management's policy for providing against aged receivables; ■ For significant UK components we reviewed a sample of balances for the level of cash received post year end against the year-end receivables in each entity, or other supporting documentation where this was still outstanding, and reviewed the level of receivables held in line with payment history and the current provision in place; ■ For significant foreign components we set the recoverability of trade receivables as a significant risk to the component audit teams to ensure specific procedures were performed in this area. We then discussed these matters with the component audit teams and reviewed the component auditor's working papers on receivables to ensure a sample of items had been tested in line with the work on the UK subsidiaries noted above. ■ For certain non-significant components, we reviewed a sample of the aged receivables to payment, or other supporting documentation where this was still outstanding, to verify the recoverability of these balances post year end.

Independent auditor's report to the members of Driver Group plc (continued)

OUR APPLICATION OF MATERIALITY

Group materiality FY 2018	Group materiality FY 2017	Basis for materiality
£470,000	£480,000	0.75% of revenue

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider revenue to be the most significant and consistent determinant of the group's financial performance, given the significant fluctuations in profit/loss over recent years.

In considering individual account balances and classes of transactions we apply a lower level of materiality in order to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at £352,500 (2017: £360,000), representing 75% (2017: 75%) of materiality. The performance materiality threshold was selected based on the expected low level of misstatements and the relatively low number of accounts that are subject to management estimation.

Our audit work on each component was executed at levels of materiality applicable to each individual entity, which was lower than group materiality. Component materiality ranged from £81,400 to £176,000 (2017: £61,000 to £270,000). Parent company materiality was £261,000 (2017: £270,000). Performance materiality for all components was set at a maximum of 75% (2017: 75%).

We agreed with the Audit Committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £9,400 (2017: £9,600). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

Our group audit scope focused on the group's principal operating locations being the United Kingdom, United Arab Emirates, Oman, Qatar and Singapore. The operations in the United Kingdom were subject to a full scope audit while the significant components in United Arab Emirates, Oman, Qatar and Singapore were audited with a full scope to component materiality. The United Arab Emirates, Oman and Qatar components were audited by BDO member firms.

Together with the parent company and its group consolidation, which was also subject to a full scope audit, these locations represent the principal business units of the group and account for 83% of the group's revenue, 88% of the group's total assets and 91% of the group's gross profit.

Whilst materiality for the financial statements as a whole was £470,000, each component of the group was audited to a lower level of materiality, as set out above. Audits of the components were performed at a materiality level calculated by reference to a proportion of group materiality appropriate to the relative scale of the business concerned.

With regards to the audit of overseas significant audit components, the Responsible Individual and senior members of the group audit team were involved at all stages of the audit process, directing the planning and risk assessment work. As a key component, the Responsible Individual visited the United Arab Emirates at the planning and risk assessment stage, including meeting with local management. For significant components, involvement included calls with the overseas component auditors at both the planning and completion stage, as well as throughout the audit. Reviews of the component auditor working papers were also completed by the group audit team for significant components in United Arab Emirates, Oman, and Singapore. Working papers in respect of the Key Audit Matters listed above were reviewed for the Qatar component.

The remaining components of the group were considered non-significant and these components were principally subject to analytical review procedures by the group audit team.

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of directors' responsibilities set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

USE OF OUR REPORT

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

Gary Harding
Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
Manchester, United Kingdom
10 December 2018

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

Consolidated Income Statement

For the year ended 30 September 2018

	Notes	2018 £000	2017 £000
REVENUE	2	**62,615**	60,227
Cost of sales		**(46,338)**	(45,391)
GROSS PROFIT		**16,277**	14,836
Administrative expenses		**(13,546)**	(13,485)
Other operating income		**139**	143
Underlying* operating profit		**3,970**	2,747
Exceptional items	5	**-**	(1,083)
Share-based payment charges and associated costs	18	**(1,100)**	(170)
Amortisation of intangible assets	12	**-**	-
OPERATING PROFIT	2, 4	**2,870**	1,494
Finance income		**17**	1
Finance costs	6	**(148)**	(262)
PROFIT BEFORE TAXATION	2	**2,739**	1,233
Tax (expense)/credit	7	**(567)**	38
PROFIT FROM CONTINUING OPERATIONS	2	**2,172**	1,271
Loss on discontinued operation, net of tax	20	**-**	(976)
PROFIT FOR THE YEAR		**2,172**	295
Profit attributable to non-controlling interests from continuing operations		**3**	4
Profit attributable to non-controlling interests from discontinued operations		**-**	-
Profit attributable to equity shareholders of the Parent from continuing operations		**2,169**	1,267
Loss attributable to equity shareholders of the Parent from discontinued operations		**-**	(976)
		2,172	295
Basic earnings per share attributable to equity shareholders of the Parent (pence)	9	**4.0p**	0.7p
Diluted earnings per share attributable to equity shareholders of the Parent (pence)	9	**3.8p**	0.6p
Basic earnings per share attributable to equity shareholders of the Parent (pence) from continuing operations	9	**4.0p**	2.9p
Diluted earnings per share attributable to equity shareholders of the Parent (pence) from continuing operations	9	**3.8p**	2.8p

* Underlying figures are stated before the share-based payment costs, exceptional items and amortisation of intangible assets

The notes on pages 35 to 63 form part of these Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2018

	Notes	2018 £000	2017 £000
PROFIT FOR THE YEAR		**2,172**	295
Other comprehensive income:			
Items that could subsequently be reclassified to the Income Statement:			
Exchange differences on translating foreign operations		**59**	(18)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR NET OF TAX		**59**	(18)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,231**	277
Total comprehensive income attributable to:			
Owners of the Parent		**2,228**	273
Non-controlling interest		**3**	4
		2,231	277

The notes on pages 35 to 63 form part of these Financial Statements

Consolidated Statement of Financial Position

For the year ended 30 September 2018

	Notes		2018		2017
		£000	£000	£000	£000
NON-CURRENT ASSETS					
Goodwill	11	**2,969**		2,969	
Property, plant and equipment	10	**765**		950	
Intangible assets	12	**-**		-	
Deferred tax asset	17	**69**		58	
			3,803		3,977
CURRENT ASSETS					
Trade and other receivables	13	**20,445**		18,859	
Derivative financial asset	22	**42**		531	
Cash and cash equivalents	16	**10,007**		4,932	
Asset held for sale	21	**-**		1,614	
			30,494		25,936
TOTAL ASSETS			**34,297**		29,913
CURRENT LIABLITIES					
Borrowings	15	**(646)**		(527)	
Trade and other payables	14	**(10,623)**		(8,352)	
Derivative financial liability	22	**(639)**		(12)	
Current tax payable		**(456)**		(175)	
			(12,364)		(9,066)
NON-CURRENT LIABILITIES					
Borrowings	15	**(2,460)**		(4,583)	
Deferred tax liabilities	17	**-**		(127)	
			(2,460)		(4,710)
TOTAL LIABILITIES			**(14,824)**		(13,776)
NET ASSETS			**19,473**		16,137
SHAREHOLDERS' EQUITY					
Share capital	18		**215**		215
Share premium	23		**11,475**		11,475
Merger reserve	23		**1,055**		1,055
Currency reserve	23		**(400)**		(459)
Capital redemption reserve	23		**18**		18
Retained earnings	23		**7,107**		3,937
Own shares	23		**(3)**		(107)
TOTAL SHAREHOLDERS' EQUITY			**19,467**		16,134
NON-CONTROLLING INTEREST	23		**6**		3
TOTAL EQUITY			**19,473**		16,137

The financial statements were approved by the Board of Directors, authorised for issue and signed on their behalf by:

David Kilgour
Chief Financial Officer
10 December 2018

The notes on pages 35 to 63 form part of these Financial Statements.

Consolidated Cashflow Statement

For the year ended 30 September 2018

	Notes	2018 £000	2017 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**2,172**	295
Adjustments for:			
Depreciation	10	**551**	601
Amortisation	12	**-**	621
Exchange adjustments		**(46)**	51
Loss on disposal of subsidiary		**-**	796
Profit on disposal of property, plant & equipment		**(52)**	-
Finance income		**(17)**	(1)
Finance expense		**148**	262
Tax expense/(credit)		**567**	(38)
Equity settled share-based payment charge	18	**1,100**	170
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		**4,423**	2,757
(Increase)/decrease in trade and other receivables		**(1,291)**	833
Increase/(decrease) in trade and other payables		**2,939**	(1,378)
CASH GENERATED IN OPERATIONS		**6,071**	2,212
Tax paid		**(385)**	(29)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**5,686**	2,183
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**17**	1
Acquisition of property, plant and equipment		**(350)**	(264)
Proceeds on sale and operating leaseback of property, plant and equipment		**1,650**	-
Disposal of subsidiary net of cash acquired	20	**195**	12
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**1,512**	(251)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(148)**	(262)
Repayment of borrowings		**(2,004)**	(7,123)
Proceeds of borrowings		**-**	5,000
Repurchase of share options		**(17)**	-
Proceeds from issue of new shares		**-**	8,560
Costs directly attributable to the issue of new shares		**-**	(450)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES		**(2,169)**	5,725
Net increase in cash and cash equivalents		**5,029**	7,657
Effect of foreign exchange on cash and cash equivalents		**46**	(51)
Cash and cash equivalents at start of period		**4,932**	(2,674)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16	**10,007**	4,932

The notes on pages 35 to 63 form part of these Financial Statements

Consolidated Statement of Changes of Equity

For the year ended 30 September 2018

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves[2] £000	Retained earnings £000	Own shares £000	Total[1] £000	Non-controlling interest £000	Total Equity £000
OPENING BALANCE AT 1 OCTOBER 2016	**127**	**3,453**	**1,702**	**(423)**	**2,829**	**(107)**	**7,581**	**(1)**	**7,580**
Profit for the year	-	-	-	-	291	-	291	4	295
Other comprehensive income for the year	-	-	-	(18)	-	-	(18)	-	(18)
Total comprehensive income for the year	-	-	-	(18)	291	-	273	4	277
Transfer on disposal of Initiate	-	-	(647)	-	647	-	-	-	-
Share-based payment	-	-	-	-	170	-	170	-	170
Issue of share capital	88	8,472	-	-	-	-	8,560	-	8,560
Costs directly attributable to the issue of new shares	-	(450)	-	-	-	-	(450)	-	(450)
CLOSING BALANCE AT 30 SEPTEMBER 2017	**215**	**11,475**	**1,055**	**(441)**	**3,937**	**(107)**	**16,134**	**3**	**16,137**
Profit for the year	-	-	-	-	2,169	-	2,169	3	2,172
Other comprehensive income for the year	-	-	-	59	-	-	59	-	59
Total comprehensive income for the year	-	-	-	59	2,169	-	2,228	3	2,231
Transfer of reserves[3]	-	-	-	-	(82)	82	-	-	-
Share-based payment	-	-	-	-	1,100	-	1,100	-	1,100
Proceeds from sale of own shares	-	-	-	-	-	22	22	-	22
Repurchase of share options	-	-	-	-	(17)	-	(17)	-	(17)
CLOSING BALANCE AT 30 SEPTEMBER 2018	**215**	**11,475**	**1,055**	**(382)**	**7,107**	**(3)**	**19,467**	**6**	**19,473**

(1) Total equity attributable to the equity holders of the Parent

(2) 'Other reserves' combines the currency reserve and capital redemption reserve. The movement in the current and prior year relates to the translation of foreign currency equity balances and foreign currency non-monetary items. Explanatory details for these reserves are disclosed in note 23.

(3) The shortfall in the market value of the shares held by the EBT and the outstanding loan is transferred from own shares to retained earnings.

The notes on pages 35 to 63 form part of these Financial Statements

Summary of Significant Accounting Policies

For the year ended 30 September 2018

1 ACCOUNTING POLICIES

Driver Group plc ("the Company") is a company incorporated and domiciled in the UK. The policies have been applied consistently to all years presented, unless stated.

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS), International standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Boards (IASB) as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS.

The Company has elected to prepare its financial statements in accordance with FRS 102. These are provided on pages 59 to 63.

BASIS OF PREPARATION

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with Applicable Accounting Standards.

BASIS OF CONSOLIDATION

Where the Company has the power over the investee, either directly or indirectly, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns, 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.

The Group Statement of Financial Position incorporates the shares held by the Driver Group Employee Benefit Trust which are reserved under option which have not vested by the Statement of Financial Position date. These are shown as a deduction from shareholders' equity as a 'own shares' reserve until such a time as they vest unconditionally with the employee.

Accounting policies are consistently applied throughout the Group. Intercompany balances and transactions have been eliminated. Material profits from intercompany sales, to the extent that they are not yet realised outside the Group, have also been eliminated.

Non-controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the Parent Company. Non-controlling shareholders interest may initially be measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquirees identifiable net assets.

The choice of measurement basis is made on each acquisition individually. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

BUSINESS COMBINATIONS

The Consolidated Financial Statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are derecognised from the date that control ceases.

Determining the fair value of intangibles acquired in business combinations requires estimation of the value of the cash flows related to the identified intangibles and a suitable discount rate in order to calculate the present value.

In arriving at the cost of acquisition, the fair value of the shares issued by the Company is taken to be the closing bid price of those shares at the date of issue. Where this figure exceeds the nominal value of the shares, the excess amount is treated as an addition to reserves.

GOODWILL

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued. Prior to the adoption of IFRS 3, direct costs of acquisition were also treated as a cost of acquisition. Following the adoption of IFRS 3, costs incurred in connection with acquisitions are recognised in profit and loss as incurred.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated Income Statement.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

FOREIGN CURRENCY TRANSLATION

In preparing the financial statements of the individual entities, transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the Statement of Financial Position date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Sterling using exchange rates prevailing on the Statement of Financial Position date. Income and expense items (including comparatives) are translated using the exchange rates at each month end. Exchange differences arising, if any, are recognised in other comprehensive income and in the Group's translation reserve. Cumulative translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

REVENUE

Revenue in respect of the core services being: consultancy, contract administration and project consultancy services, represents the amount earned from the provision of services provided to customers outside of the Group and is recognised based on time incurred, when the services are delivered in line with the contractual arrangements.

Where the Group enters into a fixed fee arrangement revenue is recognised by reference to the stage of completion of the project. The stage of completion is determined by the Group's management based on the Project Manager's assessment of the contract terms, the time incurred and the performance obligations achieved and remaining.

Fees which are contingent on the occurrence of one or more significant future events are recognised as revenue once the events on which they are contingent have occurred.

Unbilled revenue is included within accrued income.

SEGMENT REPORTING

In accordance with IFRS 8, operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal organisational and management structure and on internal financial reporting to the chief operating decision maker. The chief operating decision maker is the Chief Executive Officer.

Details of the segments are provided in note 2.

FINANCING COSTS

Interest income and interest payable are recognised in the Consolidated Income Statement on an accruals basis, using the effective interest method.

LEASED ASSETS

Lessee

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the Consolidated Income Statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the Consolidated Income Statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Lessor

Rentals received are credited to the Income Statement on a straight-line basis over the term of the lease.

DIVIDENDS

Interim dividends are recognised when they are paid.

Final dividends are recorded in the Financial Statements in the period in which they are approved by the Group's shareholders in the Annual General Meeting.

EMPLOYEE BENEFITS

Defined contribution plan

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the Consolidated Income Statement.

Share-based payment transactions

The cost of share options awarded to employees, measured by reference to their fair value at the date of grant, is recognised over the vesting period of the options based on the number of options which in the opinion of the Directors will ultimately vest. This number is reviewed annually. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The cost of the share options is recognised as an employee expense with a corresponding increase in retained earnings.

TAXATION

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying value amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

IMPAIRMENT OF ASSETS

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other 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 (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Any change in estimates could result in an adjustment to recorded amounts.

Impairment charges are included in the administrative expenses line item in the Consolidated Income Statement, except to the extent they reverse gains previously recognised in the Consolidated Statement of Changes in Equity. An impairment loss recognised for goodwill is not reversed.

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

FINANCIAL ASSETS

Fair value through profit or loss

This category comprises only in-the-money derivatives (see Financial Liabilities section for out-of-the-money derivatives). They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Income Statement in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Consolidated Income Statement. Confirmation that the trade receivable will not be collectable results in the gross carrying value of the asset being written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less from inception, and bank overdrafts and other short term banking facilities. Bank overdrafts are shown within loans and borrowings in current liabilities in the Consolidated Statement of Financial Position.

Net borrowings comprises borrowings net of cash and cash equivalents.

FINANCIAL LIABLITIES

Loans

Bank borrowings are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Statement of Financial Position. Any issue costs for such borrowings are expensed to the Income Statement.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see Financial Assets for in-the-money derivatives). They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Income Statement. The Group does not hold or issue derivative instruments for speculative purposes, but to hedge our exposure to foreign currency movements. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Land is not depreciated. Depreciation is charged to the Consolidated Income Statement to write off the cost less the estimated residual value of each part of an item of property, plant and equipment on a straight-line basis over the estimated useful lives at the following annual rates:

- Buildings — 2% per annum
- Fixtures and fittings — 10% - 33% per annum
- Computer equipment — 25% per annum
- Motor Vehicles — 25% per annum

Residual values and remaining economic useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in profit and loss.

INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and any provision for impairment.

Intangible assets relating to externally acquired customer contracts are amortised over the life of the contract which is typically between one and five years.

EMPLOYEE BENEFIT TRUST

The Group Statement of Financial Position incorporates the results of Driver Group Employee Benefit Trust. The Directors consider that the activities of the Trust are being conducted on behalf of the Group and the Group obtains the benefits from the Trust's operation. In accordance with IFRS 10 the assets of the Trust, and any liabilities it has, are recognised in the Group's Statement of Financial Position. Own shares held by the Trust for future distribution to employees under share option arrangements are deducted from shareholders' equity until such a time as they vest unconditionally with the employee. Any income or expenditure incurred by the Trust is recognised in the Group's Financial Statements. The shortfall in the market value of the shares held by the EBT and the outstanding loan is transferred from own shares to retained earnings.

JOINT ARRANGEMENTS

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group has deemed that it has a joint arrangement in Canada, this has been accounted for as a joint operation. The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

ASSETS HELD FOR SALE

Assets held for sale are stated at fair value less costs to sell. Assets are assigned to this category when the key provisions of IFRS 5 have been met such as: management are committed to a plan to sell and the asset is being actively marketed: the asset is available for immediate sale and the sale is highly probable within 12 months of classification as held for sale.

STANDARDS ADOPTED FOR THE FIRST TIME

The Group has not adopted any standards or interpretations in advance of the required implementation dates.

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 October 2017. None of the amendments to standards that are effective from that date had a significant effect on the Group's financial statements.

International Financial Reporting Standards in issue but not effective until future periods:

The IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group. They are not effective and have not been applied in the current year, the following may have an impact going forward:

- IFRS 9 Financial Instruments: is effective for periods commencing on or after 1 January 2018. IFRS 9 is a replacement for IAS 39 Financial Instruments and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3 relates to less stringent requirements for general hedge accounting. Management have conducted a review of the new standard and do not expect phase 1 and 3 to have an impact on the Group. In Phase 2 and, under the "expected credit loss" basis, it is possible that there will be a small reduction to the Group's financial position due to the forward looking nature of the standard. However, the combination of factors such as the nature of the business with a range in the size and length of commissions, the diverse geographic regions in which the Group operates and the change in the management of credit risk in recent years, mean determining an exact impact of this expected credit loss is difficult based solely on historical trends. The management do not expect any impact to be material on transition and will continue to monitor this over the coming year before adopting a defined approach. Currently, the impairment of financial assets is reviewed on a case by case basis and the impending new standard is not expected to change this approach or significantly change management judgements.
- IFRS 15 Revenue from Contracts with Customers: is effective for periods commencing 1 January 2018. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts. The standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a service and thus has the ability to direct the use and obtain the benefits from the goods or service. The potential impact on the Group has been assessed by management and based on the existing business profile it is not expected to have a material impact on the recognition of revenue on transition. Much of the Group's revenue is based upon defined hourly or daily charge out rates and the work carried out is specific to the customer and project in question. There is a continual flow of benefits to the customer from the services performed and the Group does not operate on a stage payment or key milestone basis. For fixed fee projects, the fee is determined by an estimated amount of hours x the standard rate for the required level of staff for the project. Any expected under recovery from a project's original costing are recognised over the life of the project. The principle of the continual transfer of benefit to the customer remains whether a project is a fixed or variable fee. Revenue recognition is based on a contract by contract basis and the new standard is not expected to significantly affect business practice and management judgements in respect to revenue recognition.
- IFRS 16 Leases: is effective for periods beginning on or after 1 January 2019. IFRS 16 replaces IAS 17 Leases and provides a single lessee accounting model, requiring lessees to recognise related right of use lease assets and lease liabilities for all applicable leases to the statement of financial position. The presentation and timing of income and expense recognition in the income statement will also change. Management have conducted a review of the Group's operating leases position and the impact of the new standard. If the new standard was adopted from 1 October 2018 based on the existing leases at that date and using a discount rate of interest equal to the Group's current borrowing rate of 2.85%, there would be an increase in assets and liabilities of approximately £3.5m and £3.4m respectively. EBITDA would increase by approximately £1.3m made up of an increase in the depreciation charge of £1.2m and an increase in interest charge of £0.1m. If the discount rate of interest was increased to 5.00%, the increase in assets and liabilities would be approximately £3.3m each and EBITDA would increase by the same £1.3m but with a reduction in the deprecation charge and an increase in the interest charge of approximately £0.05m. Overall profit would not be materially affected by the new standard. Management have not yet concluded on the exact approach within the transition guidelines, whether this will be the full retrospective or modified restrospective approach (including any practical expedients to be taken).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Details of the Group's accounting estimates and judgements are included in note 26.

Notes to the Financial Statements

For the year ended 30 September 2018

2 SEGMENTAL ANALYSIS

REPORTABLE SEGMENTS

For management purposes, the Group is organised into three operating divisions: Europe & Americas (EuAm), Middle East (ME) and Asia Pacific (APAC). This has changed from the previous operating divisions of Europe & Americas (EuAm) and Africa, Middle East and Asia Pacific (AMEA), due to the disposal of the African subsidiary in May 2017 and the dismantling of the AMEA central management team in late 2016. These divisions are now the basis on which the Group is structured and managed, based on its geographic structure. The following key service provisions are provided across all three operating divisions: quantity surveying, planning / programming, quantum and planning experts, dispute avoidance / resolution, litigation support, contract administration and commercial advice / management. Segment information about these reportable segments is presented below.

YEAR ENDED 30 SEPTEMBER 2018	Europe & Americas £000	Middle East £000	Asia Pacific £000	Africa £000	Eliminations £000	Unallocated £000	Consolidated £000	Discontinued initiate £000
Total external revenue	28,749	22,910	10,956	-	-	-	62,615	-
Total inter-segment revenue	55	26	2	-	(83)	-	-	-
Total revenue	28,804	22,936	10,958	-	(83)	-	62,615	-
Segmental profit	2,968	2,139	952	-	-	-	6,059	-
Unallocated corporate expenses[1]	-	-	-	-	-	(2,089)	(2,089)	-
Share-based payment charge	13	-	-	-	-	(1,113)	(1,100)	-
Exceptional items (note 5)	-	-	-	-	-	-	-	-
Amortisation of intangible assets	-	-	-	-	-	-	-	-
Operating profit/(loss)	2,981	2,139	952	-	-	(3,202)	2,870	-
Finance income	-	-	-	-	-	17	17	-
Finance expense	-	-	-	-	-	(148)	(148)	-
Profit/(loss) before taxation	2,981	2,139	952	-	-	(3,333)	2,739	-
Taxation	-	-	-	-	-	(567)	(567)	-
Profit/(loss) for the period	2,981	2,139	952	-	-	(3,900)	2,172	-
OTHER INFORMATION								
Non current assets	3,202	300	151	-	-	150	3,803	-
Reportable segment assets	13,636	10,510	4,302	-	-	5,849	34,297	-
Capital additions[2]	68	123	128	-	-	31	350	-
Depreciation and amortisation	108	245	114	-	-	84	551	-

(1) Unallocated costs represent Directors' remuneration, administration staff, corporate head office costs and expenses associated with AIM. (2) Capital additions comprise additions to property, plant and equipment including additions resulting from acquisitions through business combinations. No client had revenue exceeding 10% of the Group's revenue in the year to 30 September 2018.

YEAR ENDED 30 SEPTEMBER 2017	Europe & Americas £000	Middle East £000	Asia Pacific £000	Africa £000	Eliminations £000	Unallocated £000	Consolidated £000	Discontinued initiate £000
Total external revenue	26,049	25,190	8,289	699	-	-	60,227	3,229
Total inter-segment revenue	601	4	125	200	(961)	-	(31)	31
Total revenue	26,650	25,194	8,414	899	(961)	-	60,196	3,260
Segmental profit/(loss)	2,331	1,931	529	(299)	-	-	4,492	2
Unallocated corporate expenses[1]	-	-	-	-	-	(1,745)	(1,745)	-
Share-based payment charge	-	-	-	-	-	(170)	(170)	-
Exceptional items (note 5)	-	-	-	(449)	-	(634)	(1,083)	(475)
Amortisation of intangible assets	-	-	-	-	-	-	-	(621)
Operating profit/(loss)	2,331	1,931	529	(748)	-	(2,549)	1,494	(1,094)
Finance income	-	-	-	-	-	1	1	-
Finance expense	-	-	-	-	-	(262)	(262)	-
Profit/(loss) before taxation	2,331	1,931	529	(748)	-	(2,810)	1,233	(1,094)
Taxation	-	-	-	-	-	38	38	118
Profit/(loss) for the period	2,331	1,931	529	(748)	-	(2,772)	1,271	(976)
OTHER INFORMATION								
Non current assets	3,241	404	137	-	-	195	3,977	-
Reportable segment assets	14,745	9,620	3,498	-	-	2,050	29,913	-
Capital additions[2]	39	59	91	-	-	78	267	-
Depreciation and amortisation	110	289	64	8	-	130	601	621

(1) Unallocated costs represent Directors' remuneration, administration staff, corporate head office costs and expenses associated with AIM. (2) Capital additions comprise additions to property, plant and equipment including additions resulting from acquisitions through business combinations. No client had revenue exceeding 10% of the Group's revenue in the year to 30 September 2017.

Notes to the Financial Statements (continued)

GEOGRAPHICAL INFORMATION

EXTERNAL REVENUE BY LOCATION OF CUSTOMERS	2018 £000	2017 £000
UK	**18,553**	20,517
UAE	**9,974**	11,723
Singapore	**6,212**	3,864
Oman	**5,836**	6,778
Qatar	**3,841**	3,378
Germany	**3,093**	2,111
France	**1,947**	1,806
Netherlands	**1,873**	2,630
Kuwait	**1,843**	1,783
Malaysia	**1,752**	1,487
Australia	**1,609**	930
Canada	**982**	707
Italy	**753**	401
Spain	**707**	33
Saudi Arabia	**560**	1,233
United States	**466**	19
Belgium	**465**	837
Vietnam	**324**	209
Hong Kong	**316**	810
Algeria	**211**	107
Poland	**163**	157
India	**156**	67
South Korea	**151**	29
South Africa	**21**	643
China	**-**	486
Other countries	**807**	711
	62,615	63,456

RECONCILIATION TO TOTAL GROUP REVENUE

	2018 £000	2017 £000
Total external revenue from continuing operations	**62,615**	60,227
Total external revenue from discontinued operations	**-**	3,229
	62,615	63,456

GEOGRAPHICAL INFORMATION OF NON CURRENT ASSETS

	2018 £000	2017 £000
UK	**3,329**	3,408
Oman	**112**	204
UAE	**129**	164
Singapore	**76**	99
Qatar	**37**	20
Malaysia	**42**	19
Kuwait	**22**	16
Hong Kong	**19**	11
Netherlands	**13**	12
France	**6**	10
Australia	**14**	8
Canada	**4**	6
	3,803	3,977

3 EMPLOYEES

STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

	2018 £000	2017 £000
Wages and salaries	**37,758**	39,110
Social security costs	**1,545**	1,545
Other pension costs	**874**	814
Share based payment charges and associated costs	**1,100**	170
	41,277	41,639

The average number of persons employed by the Group, including Directors, during the year was as follows:

BY ROLE	2018	2017
Directors	**6**	5
Fee-earners	**317**	328
Administration	**73**	75
	396	408

KEY MANAGEMENT AND DIRECTORS' REMUNERATION

The aggregate compensation of key management (including Executive Directors) is shown below:

	2018 £000	2017 £000
Remuneration	**2,619**	2,405
Social security costs	**215**	206
Short term benefits	**3**	3
Money purchase pension contributions	**124**	151
Compensation for loss of office	-	33
	2,961	2,798
Share based compensation (note 18)	**1,113**	118
Total key management compensation	**4,074**	2,916

Key management consists of the statutory Executive Directors of the Company plus a further 4 (2017: 4) Operational Directors who form part of the Global Management Board.

The Executive Directors' remuneration is shown below:

	2018 £000	2017 £000
Emoluments	**1,516**	1,002
Money purchase pension contributions	**57**	47
Compensation for loss of office	-	33
Gain on share options	-	143
Total remuneration	**1,573**	1,225

Directors' remuneration disclosed above includes the following payments in respect of the highest paid Director:

	2018 £000	2017 £000
Emoluments	**662**	518
Money purchase pension contributions	**40**	34
Total remuneration	**702**	552

The number of Directors to whom retirement benefits are accruing:

	2018	2017
Money purchase pension schemes	**2**	3

Notes to the Financial Statements (continued)

4 PROFIT FROM OPERATIONS

Profit from operations includes the following significant expenses:

	2018 £000	2017 £000
Depreciation and amounts written off property, plant and equipment – owned assets	**551**	601
Audit services:		
– statutory audit of Parent	**10**	9
– statutory audit of subsidiaries	**79**	74
– audit regulatory reporting – interim review	**9**	8
Tax services:		
– compliance	**16**	14
– other services – iXBRL	**5**	5
Operating lease rentals – land and buildings	**1,496**	1,497
Exchange loss	**27**	501

5 EXCEPTIONAL ITEMS

	2018 £000	2017 £000
Restructuring costs (1)	**-**	634
Disposal of subsidiary (2)	**-**	449
	-	1,083

(1) Restructuring costs include bank charges and legal and professional fees in relation to the refinancing in the prior year.
(2) Disposal of subsidiary in the prior year includes the loss on the disposal of Driver Trett South Africa (pty) Ltd and the associated legal and professional fees for the disposal.

6 FINANCE EXPENSE

	2018 £000	2017 £000
Bank interest	**143**	247
Finance lease interest	**5**	15
	148	262

7 TAXATION

ANALYSIS OF THE TAX CHARGE /(CREDIT)

The tax charge /(credit) on the profit for the year is as follows:

	2018 £000	2017 £000
Current tax:		
UK corporation tax on profit for the year	**-**	-
Non-UK corporation tax	**636**	126
Adjustments to the prior period estimates	**69**	(71)
	705	55
Deferred tax:		
Origination and reversal of temporary difference (note 17)	**(138)**	(211)
Tax charge/(credit) for the year	**567**	(156)
Current tax:		
From continuing operations	**705**	55
From discontinued operations	**-**	-
	705	55
Deferred tax:		
From continuing operations	**(138)**	(93)
From discontinued operations	**-**	(118)
	(138)	(211)
Tax charge/(credit) for the year	**567**	(156)

FACTORS AFFECTING THE TAX CHARGE /(CREDIT)

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £000	2017 £000
Profit from continuing operations	**2,739**	1,233
Loss from discontinued operations	**-**	(1,094)
Profit before tax	**2,739**	139
Expected tax charge based on the standard average rate of corporation tax in the UK of 19% (2017: 19%)	**521**	26
Effects of:		
Expenses not deductible	**322**	477
Deferred tax – other differences	**(138)**	(211)
Foreign tax rate difference	**(66)**	(288)
Adjustment to prior period estimates	**69**	(71)
Utilisation of losses	**(60)**	(313)
Share options exercised	**(17)**	(32)
Unprovided losses	**(64)**	256
Tax charge/(credit) for the year	**567**	(156)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

As enacted in the Finance Act 2016, from 1 April 2020 there will be a reduction in the main rate of corporation tax to 17%. This will affect future tax charges accordingly.

8 PROFIT/(LOSS) OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the Parent Company is not presented as part of these Financial Statements. The Parent Company's loss for the financial period was £729,000 (2017: loss of £1,934,000). The Company has elected to prepare the Parent Company Financial Statements in accordance with FRS 102.

9 EARNINGS PER SHARE

	2018 £000	2017 £000
Profit for the financial year attributable to equity shareholders	**2,169**	291
Share-based payment charges and associated costs (note 18)	**1,100**	170
Exceptional items (note 5)	**-**	1,083
Loss from discontinued operations	**-**	976
Profit for the year from continuing operations before share-based payments, amortisation of intangible assets and exceptional items	**3,269**	2,520
Weighted average number of shares:		
- Ordinary shares in issue	**53,862,868**	43,775,690
- Shares held by EBT	**(108,052)**	(267,760)
Basic weighted average number of shares	**53,754,816**	43,507,930
Effect of Employee share options	**2,762,696**	1,972,870
Diluted weighted average number of shares	**56,517,512**	45,480,800
Basic earnings per share	**4.0p**	0.7p
Diluted earnings per share	**3.8p**	0.6p
Adjusted continuing basic earnings per share before share-based payments, amortisation of intangible assets and exceptional items	**6.1p**	5.8p
Basic earnings per share attributable to equity shareholders of the Parent from continuing operations	**4.0p**	2.9p
Diluted earnings per share attributable to equity shareholders of the Parent from continuing operations	**3.8p**	2.8p

Notes to the Financial Statements (continued)

10 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
COST					
At 1 October 2016	1,987	1,215	1,367	369	4,938
Additions	-	80	187	-	267
Reallocated to held for sale	(1,987)	-	-	-	(1,987)
Disposals	-	(20)	(36)	(7)	(63)
Foreign exchange movement	-	(17)	(12)	(13)	(42)
At 30 September 2017	-	1,258	1,506	349	3,113
DEPRECIATION					
At 1 October 2016	340	689	841	141	2,011
Charge for year	33	202	243	123	601
Reallocated to held for sale	(373)	-	-	-	(373)
Disposals	-	(9)	(22)	(7)	(38)
Foreign exchange movement	-	(15)	(12)	(11)	(38)
At 30 September 2017	-	867	1,050	246	2,163
NET BOOK VALUE					
At 30 September 2017	-	391	456	103	950
At 30 September 2016	1,647	526	526	228	2,927
COST					
At 1 October 2017	-	1,258	1,506	349	3,113
Additions	-	142	208		350
Foreign exchange movement	-	37	24	13	74
At 30 September 2018	-	1,437	1,738	362	3,537
DEPRECIATION					
At 1 October 2017	-	867	1,050	246	2,163
Charge for year	-	233	234	84	551
Foreign exchange movement	-	20	27	11	58
At 30 September 2018	-	1,120	1,311	341	2,772
NET BOOK VALUE					
At 30 September 2018	-	317	427	21	765
At 30 September 2017	-	391	456	103	950

Included in Motor Vehicles are assets held under finance leases with a net book value of £21,000 (2017: £103,000) and a depreciation charge of £84,000 (2017: £118,000).

The long leasehold land and buildings was mixed use, it was used by the Group as the head office and approximately half of the building was rented out to a third party. Rental income for the year totalled £103,000 (2017: £100,000) and service charge income totalled £33,000 (2017: £42,000).

11 GOODWILL

	£000
COST	
At 1 October 2017	2,969
At 30 September 2018	2,969

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method required the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. This has concluded that no impairment is required in the current year against the carrying amount.

- The discount factor would need to increase in excess of 15% or revenues need to decrease in excess of 27% for the Driver Project Services CGU to require impairment.
- The Trett Limited CGU has significant headroom, therefore, no sensible sensitivity would indicate any requirement for impairment.

Goodwill is allocated to cash-generating units (CGU) identified on the basis of business segments.

A segment level summary of the goodwill allocated is presented below:

	2018 £000	2017 £000
Europe & Americas	2,969	2,969

The calculations use pre-tax cash flow projections over the next 5 year period based on the budgets for the next financial year. Cash flows beyond the budgeted one year period are extrapolated using the estimated growth rates per the table below. In accordance with IAS 36, the growth rates for beyond the budgeted period do not exceed the long-term average growth rate for the industry.

The key assumptions applied in the calculations were:

- Gross margin 13.5% – 34%
- Growth rate 2%
- Discount rate 18% (pre-tax)

Management determined the gross margin rate based on past performance and future trading conditions. The growth rates are believed to be conservative growth rates for this business. The discount rate used is pre-tax to ensure consistency with the pre-tax cash flows and reflects the risk of the business segment.

Details of subsidiaries included in the Consolidated Financial Statements are as follows:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Percentage* of ordinary shares held	
Driver Consult Ltd	England and Wales	Construction consultancy services	100%	
Driver Project Services Ltd	England and Wales	Construction consultancy services	100%	
Driver Consult (Oman) LLC	Oman	Construction consultancy services	65%	(1)
Driver Consult (UAE) LLC	Abu Dhabi	Construction consultancy services	49%	(2)
Driver Trett South Africa (pty) Ltd	South Africa	Construction consultancy services	100%	(5)
Driver Consult Qatar LLC	Qatar	Construction consultancy services	49%	(2)
Trett Holdings Ltd	England and Wales	Construction consultancy services	100%	
Trett Ltd	England and Wales	Construction consultancy services	100%	
Driver Trett (Hong Kong) Ltd	Hong Kong	Construction consultancy services	100%	
Driver Trett (Singapore) Pty Ltd	Singapore	Construction consultancy services	100%	
Trett Consulting B.V.	Netherlands	Construction consultancy services	100%	
Trett Contract Services Ltd	England and Wales	Dormant	100%	
Driver Trett (Malaysia) SDN BHD	Malaysia	Construction consultancy services	100%	
Driver Trett Australia Pty Ltd	Australia	Construction consultancy services	100%	
Driver Trett (Canada) Ltd	Canada	Construction consultancy services	100%	(4)
initiate Consulting Ltd	England and Wales	Construction consultancy services	100%	(3)
Driver Trett France SAS	France	Construction consultancy services	100%	
Driver Trett Kuwait General Contracting for Building Co. W.L.L.	Kuwait	Construction consultancy services	49%	(6)
Diales Ltd	England and Wales	Dormant	100%	

* Unless stated below, voting rights are equivalent to percentage of ordinary shares held.

(1) The Company is entitled to 99% of the profits.

(2) The legal structure of the business provides the Company with effective 100% control and the business is therefore treated as a fully owned subsidiary

(3) initiate Consulting Limited was disposed on 30 September 2017 (note 20).

(4) Driver Trett Canada is a joint operation with MHPM partners Limited to provide consultancy services. This operation had a loss of £17,000 (2017 loss: £40,000) to net margin during the financial period.

(5) Driver Trett South Africa (pty) Ltd was disposed on 12 May 2017.

(6) Driver Trett Kuwait General Contracting for Building Co. W.L.L. was incorporated on 9 January 2018.

In addition to the above investments, the Company has loaned funds of £950,275 and made contribution to the Driver Group Employee Benefit Trust, which in turn has purchased 1,700,645 shares in the Company for £1,242,206. On 29 July 2013 the Trust disposed of 575,645 shares for net proceeds of £506,567. On 10 December 2013 the Trust disposed of 500,000 shares for net proceeds of £107,500. On 12 August 2014 the Trust disposed of 28,323 shares for net proceeds of £27,615. On 23 September 2016 the Trust transferred 200,000 shares to an employee in settlement of 200,000 nil cost options. On 10 March 2017 the Trust transferred 238,000 shares to two employees in settlement of nil cost options. During the year ended 30 September 2018 the Trust transferred 155,000 shares to a number of employees in settlement of share options. At 30 September 2018 the assets of the Trust comprised 3,677 (2017: 158,677) of the Company's own shares with a nominal value of £15 (2017: £635) and a market value of £2,997 (2017: £96,793). The cost of shares has been deducted from equity. The net assets of the Trust are available for the benefit of Driver Consult's and Driver Group's employees. Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors. As a consequence of the exercise price of the modified share options (note 18) a realised loss will arise on the exercise of the options. This loss is recognised over the vesting period as a transfer to retained earnings.

12 INTANGIBLE ASSETS

	2018 £000	2017 £000
At the beginning of the year	-	621
Amortisation	-	(621)
At the end of the year	-	-

On 8 December 2014 the Group acquired initiate Consulting Limited ('Initiate'). As part of the acquisition intangible assets relating to customer relationships were acquired with a fair value of £0.98m. These customer relationships acquired with Initiate were being amortised over their useful economic life which had been deemed as 5 years. During the prior year Initiate was disposed by the Group. On disposal the intangible assets were not recoverable and thus the amortisation was accelerated.

Notes to the Financial Statements (continued)

13 TRADE AND OTHER RECEIVABLES

	2018 £000	2017 £000
Trade receivables	**17,807**	16,130
Other receivables	**1,094**	949
Prepayments	**1,452**	1,616
Accrued income	**92**	164
	20,445	18,859

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Included within other receivables and accrued income is £561,000 (2017: £412,000) due after 1 year.

As at 30 September 2018 trade receivables of £7,907,000 (2017: £6,961,000) were past due but not impaired. They relate to customers against whom no provision is considered necessary. The ageing analysis of trade receivables is as follows:

	Debt age – "days overdue"				
30 September 2018	**Current (not yet overdue)**	**0-30 days**	**31-60 days**	**Over 60 days**	**Total**
Trade receivables					
Value (£'000)	9,900	2,685	1,639	3,583	17,807
%	56%	15%	9%	20%	100%
30 September 2017					
Trade receivables					
Value (£'000)	9,169	2,469	1,238	3,254	16,130
%	57%	15%	8%	20%	100%

As at 30 September 2018 trade receivables of £2,046,000 (2017: £2,109,000) were past due, impaired and provided against. There were no individually significant receivables included within the provision. The Group takes a prudent view in assessing the risk of non-payment and considers provision for all debts unless there are specific circumstances to indicate that there is little or no risk of non-payment of these older debts. Past due debts which are not provided against are in relation to non-disputed fees, a significant proportion of which relate to work performed in the Middle East. Historic experience has demonstrated that non-disputed fees are, in almost all instances, recovered in due course.

An analysis of the Group's trade and other receivables classified as financial assets by currency is provided in note 22.

Movements in the impairment allowance for trade receivables are as follows:

	2018 £000	2017 £000
At the beginning of the year	**2,109**	1,576
Increase during the year	**793**	805
Receivables written off during the year as uncollectible	**(856)**	(272)
At the end of the year	**2,046**	2,109

The movement in the impairment allowance for trade receivables has been included in the administrative expenses line in the Consolidated Income Statement.

14 TRADE AND OTHER PAYABLES

	2018 £000	2017 £000
Trade payables	**2,824**	2,377
Social security and other taxes	**1,119**	1,190
Other payables	**2,868**	1,561
Accrued expenses	**3,812**	3,224
	10,623	8,352

The Directors consider that the carrying value of trade payables is a reasonable approximation of the fair value.

15 BORROWINGS

An analysis of the maturity of loans is given below:

	2018 £000	2017 £000
Current:		
Bank loan and overdraft	**625**	438
Finance lease	**21**	89
	646	527
Non-current falling due between one and two years:		
Bank loan	**2,460**	500
Finance lease	**-**	21
Non-current falling due between two and five years:		
Bank loan	**-**	4,062
	2,460	4,583

The carrying value of liabilities is a reasonable approximation of the fair value.

As at 30 September 2018 the banking facilities with HSBC consisted of:

	Facility	Interest rate (annual)
Overdraft facility	£100	3.00% over Base
Revolving credit facility repayable on 28 February 2020	£3,000,000	2.10% over Libor
Term loan repayable in instalments by 28 February 2020	£5,000,000	2.10% over Libor

As at 30 September 2018 the Company had access to cash balances of £10,007,000 in addition to the unutilised revolving credit facility of £3,000,000. The Group's borrowings are secured by debentures over the Group's assets.

16 CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash at bank	**10,007**	4,932

Cash and cash equivalent balances are denominated in Sterling, Euros, US Dollars, Qatari Riyals, UAE Dirhams, Omani Rials, South African Rand, Malaysian Ringgits, Singapore Dollars, Australian Dollars, Hong Kong Dollars, Canadian Dollars and Kuwaiti Dinar.

17 DEFERRED TAXATION

Deferred tax has been calculated at 17% (2017: 17%) based on expected future tax rates in jurisdictions where the deferred tax is expected to reverse.

DEFERRED TAX LIABILITY

	2018 £000	2017 £000
At the beginning of the year	**127**	301
Credit for the year recognised in the Income Statement	**(127)**	(143)
Temporary differences on property credited to the Income Statement	**-**	(31)
At the end of the year	**-**	127

DEFERRED TAX ASSET

	2018 £000	2017 £000
At the beginning of the year	**58**	21
Credit for the year recognised in the Income Statement	**11**	37
At the end of the year	**69**	58

Notes to the Financial Statements (continued)

The elements of the deferred tax balances are as follows:

	Assets		Liabilities	
	2018 £000	**2017 £000**	**2018 £000**	**2017 £000**
Temporary differences on property	**-**	-	**(127)**	(127)
Capital allowances difference to depreciation	**-**	-	**127**	-
Other short term temporary differences	**69**	58	**-**	-
	69	58	**-**	(127)

The Group had taxable losses of £7,392,000 (2017 losses: £6,984,000) carried forward at the year end. No deferred tax asset has been recognised in relation to these losses as an accurate estimate of when this asset would be utilised cannot yet be determined.

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	**Class**	**Nominal Value**	**2018 £000**	**2017 £000**
53,862,868	Ordinary	0.4p	**215**	215

Ordinary shares of 0.4p each	**2018 Number**	**2018 £000**	**2017 Number**	**2017 £000**
At beginning of the year	**53,862,868**	**215**	31,701,190	127
Issued during the year	**-**	**-**	22,161,678	88
At end of the year	**53,862,868**	**215**	53,862,868	215

SHARE BASED PAYMENT TRANSACTIONS

On 23 January 2011 the Group modified the existing share options by issuing 2,902,500 modified options at an option price of 21.5p which were conditional on the surrender of 1,935,000 existing options. The incremental increase in fair value of the share options has been recognised over the revised vesting period. During the year 100,000 of these options were exercised. A further 200,000 of these options remain outstanding at the year end.

During 2016 1,300,000 share options were granted plus the potential for further performance options. These were granted with an exercise price of nil p and a vesting period between 0 and 4 years. Some of these options are contingent on the employee purchasing their own shares with the remaining conditional on profit targets. 800,000 of these share options were modified from original options granted in the same year. 1,080,000 have become exercisable at 30 September 2018, of which 80,000 of these shares are in relation to the additional performance options.

A further 865,000 share options brought from the prior year have an exercise price of between nil p and 65.5p with a vesting period of between 2 and 5 years. Some options are conditional on profit targets and in addition are forfeited if the employee leaves the Group before the options vest. The share options have been valued based on market value on the date of grant. During the year, 810,000 of these options were forfeited, 55,000 were exercised.

During the year, £2,046,672 options were granted plus the potential for further performance options. These were granted with an exercise price of nil p and a vesting period between 0 and 3 years. 200,000 of these options vested immediately in recognition of contributions made and 50,000 of these options were dependant on the employee also purchasing 50,000 options which was satisfied in the year. The remaining options are conditional on profit targets. At 30 September 2018, 416,672 of the options conditional on profit targets are exercisable including 66,672 in relation to the further performance options.

At 30 September 2018 the following unexercised share options to acquire ordinary shares granted under The Driver Group plc Enterprise Management Incentive Scheme and other option agreements were outstanding in respect of 7 employees (2017: 12):

Year of grant	Vesting period	Exercise price per 0.4p share (pence)	2018 Number	2017 Number
2011	23-01-2011 to 01-10-2014	21.5p	**200,000**	300,000
2015	01-10-2014 to 01-10-2017	Nilp	**-**	65,000
	13-11-2014 to 01-10-2016	Nilp	**-**	200,000
	13-11-2014 to 01-10-2017	Nilp	**-**	200,000
	13-11-2014 to 01-10-2018	Nilp	**-**	200,000
	18-03-2015 to 01-10-2017	Nilp	**-**	40,000
	18-03-2015 to 01-10-2020	65.5p	**-**	160,000
2016	22-09-2016 to 30-09-2016	Nilp	**400,000**	400,000
	22-09-2016 to 30-09-2017	Nilp	**300,000**	300,000
	22-09-2016 to 30-09-2018	Nilp	**300,000**	300,000
	22-09-2016 to 30-09-2019	Nilp	**300,000**	300,000
2017	29-01-2018 to 01-10-2018	Nilp	**50,000**	-
	29-01-2018 to 01-10-2019	Nilp	**50,000**	-
	29-01-2018 to 01-10-2020	Nilp	**50,000**	-
	22-02-2018 to 22-02-2018	Nilp	**200,000**	-
	22-02-2018 to 01-10-2018	Nilp	**300,000**	-
	22-02-2018 to 22-02-2019	Nilp	**50,000**	-
	22-02-2018 to 01-10-2019	Nilp	**300,000**	-
	22-02-2018 to 01-10-2020	Nilp	**600,000**	-
	22-02-2018 to 01-10-2021	Nilp	**300,000**	-
	30-09-2018 to 01-10-2018	Nilp	**146,672**	-
			3,546,672	2,465,000

	2018		2017	
	Options	**Weighted average exercise price per share (pence)**	**Options**	**Weighted average exercise price per share (pence)**
Outstanding at 1 October	**2,465,000**	**7p**	5,143,000	12p
Granted during the year	**2,046,672**	**Nilp**	-	-
Forfeited during the year	**(810,000)**	**Nilp**	(90,000)	Nilp
Lapsed during the year	**-**	**-**	(1,850,000)	21p
Exercised during the year	**(155,000)**	**NIlp**	(738,000)	Nilp
Outstanding at 30 September	**3,546,672**	**1p**	2,465,000	7p
Exercisable at 30 September	**1,946,672**	**2.3p**	1,000,000	7p

The options outstanding at 30 September 2018 had an exercise price between nil p and 21.5p and a weighted average remaining contractual life of 8.32 years.
The Group recognised a charge of £1,100,000 (2017: £170 ,000) relating to equity settled share options.
The directors' interests in share options are shown on pages 18 and 19 in the Report of the Directors.

19 LEASES

FINANCE LEASES

The Group has entered into a lease for motor vehicles which is classified as a finance lease due to the nature of the risks and rewards of ownership. The net carrying value of these assets at 30 September 2018 was £21,000 (2017: £103,000).

Future lease payments are due as follows:

	Minimum lease payments 2018 £000	Interest 2018 £000
Not later than one year	**21**	**1**
	21	**1**

Notes to the Financial Statements (continued)

The present values of future lease payments are analysed as:

	2018 £000	2017 £000
Current liabilities	21	89
Non-current liabilities	-	21
	21	110

OPERATING LEASE – LESSEE

The total future value of minimum lease payments under non-cancellable operating lease rentals is due as follows:

	2018		2017	
	Land and buildings £000	Other Leases £000	Land and buildings £000	Other Leases £000
Due:				
Not later than one year	1,322	125	1,186	21
Later than one year and not later than five years	1,761	110	1,085	25
Later than five years	475	-	-	-
	3,558	235	2,271	46

Operating lease rentals represent payables by the Group for rented offices. Leases are negotiated for an average term of 1 to 5 years and rentals are fixed for an average of 1 to 5 years.

OPERATING LEASE – LESSOR

The minimum rent receivable under non-cancellable operating leases are as follows:

	2018 £000	2017 £000
Not later than one year	139	140
Later than one year and not later than five years	35	176
	174	316

20 DISCONTINUED OPERATIONS – PRIOR YEAR

In line with the Group's strategy to focus on claims, disputes and expert witness assignments the Directors made the decision to dispose the Group's 100% share of initiate Consulting Limited ('Initiate') on 30 September 2017. As a result of this disposal Initiate has been classed as a discontinued operation and is the only operation presented as discontinued in these financial statements.

At the date of disposal Initiate had net assets of £0.1m. The consideration received for the disposal was £0.2m. The loss on disposal is due to a goodwill write-off of £0.5m.

LOSS ON DISPOSAL

	2018 £000	2017 £000
Net assets at disposal date	-	113
Goodwill write-off	-	487
Anticipated proceeds	-	(188)
Loss on disposal	-	412

RESULTS OF DISCONTINUED OPERATIONS

	2018 £000	2017 £000
Revenue	-	3,229
Expenses	-	(3,290)
Finance costs	-	-
Tax	-	118
Amortisation of intangible asset	-	(621)
Loss on disposal	-	(412)
Loss for the year	-	(976)

EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS

	2018 £000	2017 £000
Basic loss per share	-	(2.2)p

RESULTS OF DISCONTINUED OPERATIONS

The statement of cash flows includes the following amounts relating to discontinued operations

	2018 £000	2017 £000
Operating activities	-	(1,244)
Investing activities	-	-
Financing activities	-	-
Loss for the year	-	(1,244)

DISPOSAL OF DRIVER TRETT SOUTH AFRICA (PTY) LTD

The Directors also took the decision in the prior year to dispose of Driver Trett South Africa (pty) Ltd ('DTSA') in South Africa to the local management team on 12 May 2017. This decision was made due to specific market constraints imposed by the government upon ownership which prevented effective bidding for most of the key projects.

At the date of disposal DTSA had net assets of £0.54m. The consideration paid was £0.15m in cash. A loss on disposal of £0.39m was recognised in the financial statements. As DTSA formed part of the Africa, Middle East and Asia Pacific operating segment it was not disclosed separately as a discontinued operation.

During the prior year the DTSA contribution to revenue was £0.70m and a loss before tax of £0.30m.

21 ASSET HELD FOR SALE

At 30 September 2017 the Directors took the decision to reclassify the Group's head office at St Crispin Way from land and buildings to an asset held for sale. During the year the head office was disposed for proceeds of £1.65m less costs to sell of £0.04m in a sale and leaseback arrangement. At the date of disposal and at 30 September 2017 the land and buildings had a carrying value of £1.61m and was derecognised from the Group's assets at disposal. The subsequent lease is classified as an operating lease and included in note 19.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments held by the Group, as detailed in this note, are classified as 'Loans and Receivables' (cash and cash equivalents, trade and other receivables), fair value through income statement (derivatives) and 'Financial Liabilities Measured at Amortised Cost' (trade and other payables, bank overdrafts, bank loans and loan notes).

A summary of the financial instruments held by category is provided below:

	Financial assets at fair value through income statement		Loans and receivables	
	2018 £000	2017 £000	2018 £000	2017 £000
FINANCIAL ASSETS				
Cash and cash equivalents	-	-	10,007	4,932
Trade and other receivables	-	-	18,993	17,243
Derivative financial assets	42	531	-	-
TOTAL FINANCIAL ASSETS	42	531	29,000	22,175

	Financial assets at fair value through income statement		Loans and receivables	
	2018 £000	2017 £000	2018 £000	2017 £000
FINANCIAL LIABILITIES				
Trade and other payables	-	-	9,504	7,162
Loans and borrowings	-	-	3,106	5,110
Derivative financial liabilities	639	12	-	-
TOTAL FINANCIAL LIABILITIES	639	12	12,610	12,272

Notes to the Financial Statements (continued)

Financial assets and liabilities measured at fair value through income statement are all valued using level 2 external valuations. The fair value of forward exchange contracts is determined based on the forward exchange rates as at reporting date.

The Group's operations expose it to a variety of financial risks comprising liquidity risk, foreign exchange risk, interest rate risk and credit risk. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques.

Risk management policies have been set by the Board and applied by the Group.

(A) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities as they fall due with surplus facilities to cope with any unexpected variances in timing of cash flows.

The Group believes it has sufficient cash and borrowing facilities to meet its operational commitments. At the year end the Group had the following un-drawn committed facilities in respect of which all conditions precedent had been met:

	2018 £000	2017 £000
Un-drawn borrowing facilities at 30 September	3,000	3000
Cash and cash equivalents	10,007	4,932
Available funds	13,007	7,932

Maturity analysis

The table below analyses the Group's non-derivative financial liabilities into maturity groupings based on the period outstanding at the Statement of Financial Position date up to the contractual maturity date. All figures are contracted gross cash flows that have not been discounted.

30 SEPTEMBER 2018	Due within 1 year £000	Due between 1 and 5 years £000	Total £000
Non-derivative financial liabilities			
Bank loans and overdrafts	625	2,460	3,085
Finance lease creditor	21	-	21
Trade and other payables	9,504	-	9,504
Total	10,150	2,460	12,610

30 SEPTEMBER 2017	Due within 1 year £000	Due between 1 and 5 years £000	Total £000
Non-derivative financial liabilities			
Bank loans and overdrafts	438	4,562	5,000
Finance lease creditor	89	21	110
Trade and other payables	7,162	-	7,162
Total	7,689	4,583	12,272

As at 30 September 2018 the banking facilities with HSBC consisted of:

	Facility	Interest rate (annual)
Overdraft facility	£100	3.00% over Base
Revolving credit facility repayable on 28 February 2020	£3,000,000	2.10% over Libor
Term loan repayable in instalments by 28 February 2020	£5,000,000	2.10% over Libor

As at 30 September 2018 the Company had access to cash balances of £10,007,000 in addition to the unutilised revolving credit facility of £3,000,000. The Group's borrowings are secured by debentures over the Group's assets.

(B) FOREIGN EXCHANGE RISK

The Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures in particular, with respect to the UAE Dirham, Omani Rial and Qatari Riyal, all of which are linked to the US dollar, the Euro, Malaysian Ringgitt, Singapore Dollar, Australian Dollar, Hong Kong Dollar, Canadian Dollar and Kuwaiti Dinar. The Group is exposed to foreign currency risk arising from recognised assets and liabilities as well as commitments arising from future trading transactions. The Group selectively uses financial products to insure against the effect of adverse movements in foreign exchange rates. This includes foreign exchange contracts and foreign currency borrowing. Reviews are carried out on a monthly basis at an overall Group level to assess the level of foreign exchange exposure and to take any necessary action. The Group does not operate hedge accounting.

The following balances are disclosed on the statement of financial position in respect of derivative financial instruments, being foreign currency forward contract arrangements:

	2018 £000	2017 £000
Asset	**42**	531
Liability	**(639)**	(12)
	(597)	519

The balances are all current with assets of £42,000 (2017: £531,000) and liabilities of £639,000 (2017: £12,000).

The Group's exposure to foreign currency net assets / (liabilities) is summarised as follows:

FINANCIAL ASSETS 2018	Cash and cash equivalents £000	Trade and other receivables £000
GBP	8,664	4,011
EUR	128	1,865
CAD	116	373
AED	363	3,652
OMR	251	3,492
KWD	84	697
USD	-	1,966
QAR	38	1,191
SGD	273	965
MYR	6	395
HKD	28	34
AUD	56	352
Total	**10,007**	**18,993**

FINANCIAL LIABILITIES 2018	Trade and other payables £000	Loans and borrowings £000
GBP	3,780	3,085
EUR	725	-
CAD	164	-
AED	2,246	-
OMR	924	21
KWD	441	-
QAR	461	-
SGD	327	-
MYR	160	-
HKD	46	-
AUD	230	-
Total	**9,504**	**3,106**

FINANCIAL ASSETS 2017	Cash and cash equivalents £000	Trade and other receivables £000
GBP	4,417	4,044
EUR	107	1,307
CAD	55	249
AED	109	3,123
OMR	50	4,026
KWD	-	738
USD	-	1,480
QAR	25	625
SGD	95	807
MYR	25	423
HKD	4	69
AUD	45	352
Total	**4,932**	**17,243**

Notes to the Financial Statements (continued)

FINANCIAL LIABILITIES 2017	Trade and other payables £000	Loans and borrowings £000
GBP	3,539	5,000
EUR	579	-
CAD	21	-
AED	1,051	-
OMR	858	110
KWD	257	-
QAR	269	-
SGD	312	-
MYR	86	-
HKD	24	-
AUD	166	-
Total	**7,162**	**5,110**

The Group earns Euro revenues in Europe and also generates local currency revenues and costs in Oman, the UAE, Qatar, Kuwait, Malaysia, Singapore, Australia, Hong Kong and Canada. As a consequence the Group's pre-tax income and equity is exposed to movements in Sterling relative to the Euro, US Dollar, Singapore dollar, Malaysian Ringgits, Australian Dollar, Hong Kong Dollar, Canadian Dollar, Kuwaiti Dinar, UAE Dirham, Omani Rial and Qatari Riyal (the latter three currencies are linked to the US Dollar). The following table represents the estimated impact on the Group's pre-tax income and equity from a weakening or strengthening of Sterling relative to these currencies based on the current year.

SENSITIVITY ANALYSIS – IMPACT ON INCOME STATEMENT AND ON EQUITY

	Income statement		Equity	
% change in Sterling relative to:	**10% £000**	**20% £000**	**10% £000**	**20% £000**
Sterling strengthens relative to Euro	(117)	(214)	(88)	(161)
Sterling weakens relative to Euro	142	321	106	240
Sterling strengthens relative to US Dollar	(619)	(1,134)	(426)	(781)
Sterling weakens relative to US Dollar	756	1,702	520	1,173
Sterling strengthens relative to Malaysian Ringgit	(19)	(34)	(14)	(26)
Sterling weakens relative to Malaysian Ringgit	23	51	17	38
Sterling strengthens relative to Singapore Dollar	320	586	265	486
Sterling weakens relative to Singapore Dollar	(391)	(879)	(325)	(730)
Sterling strengthens relative to Australian Dollar	18	32	12	22
Sterling weakens relative to Australian Dollar	(21)	(48)	(15)	(34)
Sterling strengthens relative to Hong Kong Dollar	8	14	7	12
Sterling weakens relative to Hong Kong Dollar	(9)	(21)	(8)	(18)
Sterling strengthens relative to Canadian Dollar	(9)	(17)	(7)	(13)
Sterling weakens relative to Canadian Dollar	11	26	8	19
Sterling strengthens relative to Kuwaiti Dinar	(70)	(128)	(59)	(108)
Sterling weakens relative to Kuwaiti Dinar	86	193	73	164

As overseas profits and non-Sterling income grow, the exposure of the Group's profit and equity to movements in Sterling relative to the foreign currencies will increase too.

(C) INTEREST RATE RISK

The Group is subject to fluctuations in interest rates on its borrowings and cash and cash equivalents. The Group is aware of the financial products available to insure against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group.

The table below shows the Group's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

30 SEPTEMBER 2018	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	10,007	-	10,007
Trade and other receivables	-	-	18,993	18,993
Derivative financial instrument – asset	-	-	42	42
Trade and other payables	-	-	(9,504)	(9,504)
Derivative financial instrument – liability	-	-	(639)	(639)
Bank loans and overdrafts	-	(3,085)	-	(3,085)
Finance lease creditor	(21)	-	-	(21)
	(21)	6,922	8,892	15,793

30 SEPTEMBER 2017	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	4,932	-	4,932
Trade and other receivables	-	-	17,243	17,243
Derivative financial instrument – asset	-	-	531	531
Trade and other payables	-	-	(7,162)	(7,162)
Derivative financial instrument – liability	-	-	(12)	(12)
Bank loans and overdrafts	-	(5,000)	-	(5,000)
Finance lease creditor	(110)	-	-	(110)
	(110)	(68)	10,600	10,422

Interest rates on bank loans are disclosed in note 15.

Sensitivity analysis

The Group has calculated the following sensitivities based on available data from forward markets for fixed and floating interest rates and based on forecast average borrowings. Management believe that these reflect the most probable rate movements.

IMPACT ON INCOME STATEMENT AND EQUITY	2018 £000
1% increase in base rate of interest	(27)
2% increase in base rate of interest	(55)

(D) CREDIT RISK

The Group's financial assets are bank balances and trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Management believe the Group has a wide trade receivable profile and therefore does not have any significant concentration of risk. The credit quality of trade receivables that are neither past due nor impaired is considered to be good. The ageing profile of the Group's debtors is disclosed in note 13.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group mitigates risk by using surplus cash deposits to pay down borrowings and spreading significant deposits among a range of large international banks.

(E) CAPITAL MANAGEMENT

The Group's main objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders. The Group aims to maintain a strong credit rating and headroom whilst optimising return to shareholders through an appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it with regard to the risks inherent in the business and in light of changes to economic conditions.

Capital is managed by maximising retained profits after dividend distributions. Working capital is managed in order to generate maximum conversion of these profits into cash and cash equivalents.

The policy for managing debt is to create a smooth debt maturity profile with the objective of ensuring continuity of funding to meet the Group's future liquidity requirements.

Capital includes share capital, share premium, merger reserve, translation reserve, capital redemption reserve, other reserve, own shares and retained earnings reserve (note 23). Net borrowings include short and long term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents.

(F) MARKET RISK

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

23 RESERVES

SHARE CAPITAL

The share capital account includes the nominal value for all shares issued and outstanding.

SHARE PREMIUM

The share premium account comprises the premium over nominal value on issued shares less costs directly attributable to the issue of new shares. The use of this reserve is restricted by the Companies Act 2006.

MERGER RESERVE

The excess of the fair value over nominal value of shares issued by the Company for the acquisition of businesses is credited to the merger reserve. This is in accordance with S610 of the Companies Act 2006.

Notes to the Financial Statements (continued)

CURRENCY RESERVE

The currency reserve records any exchange differences arising as a result of the translation of foreign currency equity balances and foreign currency non-monetary items.

CAPITAL REDEMPTION RESERVE

The capital redemption reserve records the nominal value of shares purchased and then cancelled by the Company.

NON-CONTROLLING INTEREST

The non-controlling interest relates to minority shareholdings in Driver Consult (Oman) LLC.

RETAINED EARNINGS

The retained earnings reserve includes the accumulated profits and losses arising from the Consolidated Income Statement and certain items from the Statement of Changes in Equity attributable to equity shareholders net of distributions to shareholders.

OWN SHARES

Own shares consist of shares held by Driver Group Employee Benefit Trust which have not been exercised at the Statement of Financial Position date shown as a deduction from shareholders' equity. Total number of own shares as at 30 September 2018 was 3,677 (2017: 158,677).

24 RELATED PARTY TRANSACTIONS

Other than the transactions with Directors noted in the Directors' Remuneration Report (page 16) during the financial year, the Group had no transactions with other related parties as defined by IAS 24 'Related Party Disclosures'.

25 MAJOR SHAREHOLDERS

The major shareholders (more than 3%) as at 30 September 2018 are:

	Number of Shares 30 September 2018
Sanford DeLand Asset Management	10,628,154
Livingbridge	7,865,805
River & Mercantile Asset Management	3,672,338
Mr Adrian J Williams	3,661,167
Ruffer	3,250,000
Soros Fund Management	2,329,472
Mr John P Mullen	2,079,778
Allianz Global Investors	1,981,500
Unicorn Asset Management	1,626,936

26 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Some asset and liability amounts reported in the Consolidated Financial Statements contain a degree of management estimation and assumptions. There is therefore a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year. The estimates and assumptions are made on the basis of information and conditions that exist at the time of the valuation.

The following are considered to be key accounting estimates.

IMPAIRMENT REVIEWS

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. An impairment review test has been performed at the reporting date and no impairment is required. Further details can be found in note 11.

RECEIVABLES IMPAIRMENT PROVISIONS

The amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the present value of estimated future cash flows. At the Statement of Financial Position date a £2,046,000 (2017: £2,109,000) provision was required. If managements estimates changed in relation to the recoverability of specific trade receivables the provision could increase or decrease. Any future increase to the provision would lead to a corresponding increase in reported losses and a reduction in reported total assets.

REVENUE RECOGNITION ON FIXED FEE PROJECTS

Where the Group enters into a formal fixed fee arrangement revenue is recognised by reference to the stage of completion of the project. The stage of completion will be estimated by the Group's management based on the Project Manager's assessment of the contract terms, the time incurred and the performance obligations achieved and remaining.

27 POST BALANCE SHEET EVENTS

There have been no significant events requiring disclosure since 30 September 2018.

28 SUBSIDIARY COMPANY DETAILS

Subsidiary	Registered Address	Company No:
Driver Consult Ltd	Driver House, 4 St Crispin Way, Haslingden, Lancashire, BB4 4PW	3881875
Driver Project Services Ltd	Driver House, 4 St Crispin Way, Haslingden, Lancashire, BB4 4PW	2785199
Driver Consult (Oman) LLC	Building No: 2847, Way No: 4247, Al Ghubra, PO Box 363 Postal Code 121, Seeb, Sultanate of Oman	1049477
Driver Consult (UAE) LLC	Office No. 1002, Karbash Building, Plot No. C-53, Al Nahyan Camp, PO Box 112193, Abu Dhabi, UAE	CN-1163115
Driver Consult Qatar LLC	Building No 9771, Al Hilal Street, Al Muntazah, Doha, State of Qatar, PO Box 187	46180
Trett Holdings Ltd	Driver House, 4 St Crispin Way, Haslingden, Lancashire, BB4 4PW	04742346
Trett Ltd	Driver House, 4 St Crispin Way, Haslingden, Lancashire, BB4 4PW	01339325
Driver Trett (Hong Kong) Ltd	Suite 1204 Jubilee Centre, 46 Gloucester Road, Wan Chai, Hong Kong	725638
Driver Trett (Singapore) Pty Ltd	141 Cecil Street, #05-01, Tung Ann Association Building, Singapore, 069541	200001372H
Trett Consulting B.V.	's-Heer, Hendrikskinderendijk 105, 4461 EA Goes, Netherlands	22044617
Trett Contract Services Ltd	Driver House, 4 St Crispin Way, Haslingden, Lancashire BB4 4PW	01689325
Driver Trett (Malaysia) SDN BHD	6th Floor, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	501417-D
Driver Trett Australia Pty Ltd	Level 10, 12 Creek Street, Brisbane, QLD, Australia	160 611 861
Driver Trett (Canada) Ltd	Suite 2600, 3 Bentall Centre, PO Box 49314, 595 Burrard Street, Vancouver, BC V7X 1L3	810615039BC001
Driver Trett France SAS	17 Rue Dumont D'Urville, 75116, Paris, France	811 017 656 RCS Paris
Driver Trett Kuwait General Contracting for Building Co. W.L.L.	PO Box 9337, Villa 4, Block 4, Compound 54, Coastal Road, Mahboula, Kuwait	379592
Diales Ltd	Driver House, 4 St Crispin Way, Haslingden, Lancashire, BB4 4PW	10476443

Driver Group plc (Company) Statement of Financial Position

For the year ended 30 September 2018

			2018		2017
COMPANY NUMBER: 3475146	Notes	£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	30		**150**		1,808
Investments	31		**8,167**		7,724
			8,317		9,532
CURRENT ASSETS					
Debtors	32	**5,463**		12,271	
Cash and cash equivalents		**6,106**		8	
		11,569		12,279	
CREDITORS					
Amounts falling due within one year	33	**(1,483)**		(1,699)	
NET CURRENT ASSETS			**10,086**		10,580
TOTAL ASSETS LESS CURRENT LIABILITIES			**18,403**		20,112
CREDITORS					
Amounts falling due after more than one year	33		**(2,460)**		(4,601)
NET ASSETS			**15,943**		15,511
CAPITAL RESERVES					
Called up share capital	36		**215**		215
Share premium	37		**11,475**		11,475
Revaluation reserve	37		**-**		833
Capital redemption reserve	37		**18**		18
Retained earnings	37		**4,238**		3,077
Own shares	38		**(3)**		(107)
SHAREHOLDERS' FUNDS			**15,943**		15,511

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the Parent Company is not presented as part of these Financial Statements. The Parent Company's loss for the year was £729,000 (2017: loss of £1,934,000).

The Financial Statements were approved by the Board of Directors, authorised for issue and signed on their behalf by:

David Kilgour
Chief Financial Officer
10 December 2018

The notes on pages 59 to 63 form part of the Financial Statements

Statement of Changes in Equity – Company

For the year ended 30 September 2018

	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total equity £000
OPENING BALANCE AT 1 OCTOBER 2016	**127**	**3,453**	**1,213**	**18**	**4,823**	**(107)**	**9,527**
Loss for the year	-	-	-	-	(1,934)	-	(1,934)
Revaluation of Land and Buildings	-	-	(453)	-	-	-	(453)
Deferred tax on Land and Buildings	-	-	91	-	-	-	91
Total comprehensive income for the year	-	-	(362)	-	(1,934)	-	(2,296)
Share-based payment cost	-	-	-	-	118	-	118
Investment in subsidiary – share options	-	-	-	-	52	-	52
Reserves transfer	-	-	(18)	-	18	-	-
Issue of share capital	88	8,472	-	-	-	-	8,560
Cost directly attributable to the issue of new shares	-	(450)	-	-	-	-	(450)
CLOSING BALANCE AT 30 SEPTEMBER 2017	**215**	**11,475**	**833**	**18**	**3,077**	**(107)**	**15,511**
Loss for the year	-	-	-	-	(729)	-	(729)
Deferred tax on Land and Buildings	-	-	39	-	-	-	39
Total comprehensive income for the year	-	-	39	-	(729)	-	(690)
Share-based payment costs	-	-	-	-	657	-	657
Investment in subsidiary – Share options	-	-	-	-	443	-	443
Reserves transfer	-	-	-	-	(82)	82	-
Proceeds from sale of own shares	-	-	-	-	-	22	22
Transfer of revaluation reserve on sale of property	-	-	(872)	-	872	-	-
CLOSING BALANCE AT 30 SEPTEMBER 2018	**215**	**11,475**	-	18	**4,238**	**(3)**	**15,943**

29 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

BASIS OF PREPARATION

These financial statements are prepared under the Financial Reporting Standards 102 'FRS 102'.

PARENT COMPANY DISCLOSURE EXEMPTIONS

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Parent Company;
- Disclosures in respect of the Parent Company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

TANGIBLE FIXED ASSETS

Long leasehold land and buildings are included at valuation. The directors perform periodic valuations and annual impairment reviews in accordance with section 17 of FRS 102.

Depreciation is provided on other assets at the following annual rates in order to write off each asset over its estimated useful life.

Buildings	- 2% per annum on revaluation
Fixtures and fittings	- 10% - 33% per annum on cost
Computer equipment	- 25% per annum on cost

INVESTMENTS IN SUBSIDIARIES

Investments are included at cost, less amounts written off.

Notes to the Financial Statements (continued)

DEFERRED TAX

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax balances are not discounted.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

LEASES

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the Profit and Loss Account over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the Profit and Loss Account on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

PENSIONS

The Company operates a defined contribution pension scheme. Contributions payable for the year are charged in the Profit and Loss Account as incurred.

EMPLOYEE BENEFIT TRUST

In accordance with FRS 102.9.33 to 9.38, any payments made to the Trust established for the benefit of the Group's employees are treated as the exchange of one asset for another. Accordingly, the assets of the Trust, and any liabilities it has, are recognised on the Company's Balance Sheet and are deducted from equity. Assets which vest unconditionally to beneficiaries of the Trust cease to be recognised as assets of the Company. Any income or expenditure incurred by the Trust is recognised in the Company's Financial Statements.

SHARE-BASED PAYMENT TRANSACTIONS

The cost of share options awarded to employees measured by reference to their fair value at the date of grant is recognised over the vesting period of the options based on the number of options which in the opinion of the Directors will ultimately vest. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The cost of the share options is charged to the Profit and Loss Account and transferred to other reserves, except where the options relate to employees of subsidiary companies where the charge is recognised as an increase in the cost of investment in that subsidiary.

DIVIDENDS ON SHARES PRESENTED WITHIN SHAREHOLDERS' FUNDS

Dividends unpaid at the Balance Sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the Financial Statements.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The company operates an equity-settled share-based compensation plan as detailed in note 18. Employee services received and the corresponding increase in equity are measured by reference to the fair value of the equity instruments as at the date of grant.
- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

30 TANGIBLE FIXED ASSETS

	Land and buildings long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST OR VALUATION				
At 1 October 2017	1,614	256	632	2,502
Additions	-	-	39	39
Disposals	(1,614)	-	-	(1,614)
At 30 September 2018	-	256	671	927
DEPRECIATION				
At 1 October 2017	-	230	464	694
Charge for year	16	7	76	99
Disposals	(16)	-	-	(16)
At 30 September 2018	-	237	540	777
NET BOOK VALUE				
At 30 September 2018	-	19	131	150
At 30 September 2017	1,614	26	168	1,808

The company's registered office at St Crispin Way was mixed use and was sold in the year and leased back. It is used by the Group as the head office and approximately half of the building is rented out to a third party.

If the long leasehold land and building had not been revalued, it would have been included at the following historical cost:

	2018 £000	2017 £000
Gross cost	–	919
Depreciated historical cost	–	742

31 FIXED ASSET INVESTMENTS

	Shares in Group Undertakings £000
COST	
At 1 October 2017	7,724
Additional capital investment	443
Disposal	-
At 30 September 2018	8,167
NET BOOK VALUE	
At 30 September 2018	8,167
At 30 September 2017	7,724

The additional capital investment in the year relates to investment in share options of £0.4m (2017: £0.1m).
The list of subsidiaries that the company has a direct and indirect interest in can be found in note 12 of the Consolidated Financial Statements.

32 DEBTORS

Amounts falling due within one year:

	2018 £000	2017 £000
Trade debtors	**13**	14
Amounts owed by Group undertakings	**5,103**	11,772
Prepayments and accrued income	**347**	485
	5,463	12,271

Notes to the Financial Statements (continued)

33 CREDITORS

Amounts falling due within one year:

	2018 £000	2017 £000
Trade creditors	**296**	228
Bank loans and overdrafts	**625**	438
Social security and other taxes	**27**	526
Accrued expenses	**535**	507
	1,483	1,699

Amounts falling due after more than one year:

	2018 £000	2017 £000
Bank loan (note 34)	**2,460**	4,562
Deferred tax	**–**	39
	2,460	4,601

34 BANK LOAN AND OVERDRAFTS

An analysis of the maturity of loans is given below:

	2018 £000	2017 £000
Amounts falling due within one year or on demand:		
Bank loans and overdrafts	**625**	438
	625	438
Amounts falling due between one and two years:		
Bank loan	**2,460**	500
Amount falling due between two and five years:		
Bank loan	**-**	4,062
	2,460	4,562

As at 30 September 2018 the banking facilities with HSBC consisted of:

	Facility	Interest rate (annual)
Overdraft facility	£100	3.00% over Base
Revolving credit facility repayable on 28 February 2020	£3,000,000	2.10% over Libor
Term loan repayable in instalments by 28 February 2020	£5,000,000	2.10% over Libor

As at 30 September 2018 the Company had access to cash balances of £10,007,000 in addition to the unutilised revolving credit facility of £3,000,000. The Group's borrowings are secured by debentures over the Group's assets.

35 DEFERRED TAX

Deferred tax liability

	2018 £000	2017 £000
At the beginning of the year	**39**	133
Credit for the year recognised in the Income Statement	**-**	(3)
Credit for the year recognised in Other Comprehensive Income	**(39)**	(91)
At the end of the year	**-**	39

The elements of the deferred tax balances are as follows:

	2018 £000	2017 £000
Temporary differences on property	**-**	39
At the end of the year	**-**	39

36 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	Class	Nominal Value	2018 £000	2017 £000
53,862,868	Ordinary	0.4p	**215**	215

Ordinary shares of 0.4p each	2018 Number	2018 £000	2017 Number	2017 £000
At beginning of the year	**53,862,868**	**215**	31,701,190	127
Issued during the year	**-**	**-**	22,161,678	88
At end of the year	**53,862,868**	**215**	53,862,868	215

Information relating to the Company's share option scheme is detailed in note 18 of the Consolidated Group Accounts.

37 RESERVES

SHARE CAPITAL

The share capital account includes the nominal value for all shares issued and outstanding.

SHARE PREMIUM

The share premium account comprises the premium over nominal value on issued shares. The use of this reserve is restricted by the Companies Act 2006.

REVALUATION RESERVE

The revaluation reserve is the surplus between the fair value and the historical cost and is in relation to Land and Buildings.

CAPITAL REDEMPTION RESERVE

The capital redemption reserve records shares purchased and then cancelled by the Company.

RETAINED EARNINGS

The profit and loss account includes the accumulated profits and losses arising from the Income Statement and certain items from the Statement of Changes in Equity attributable to equity shareholders net of distributions to shareholders.

38 OWN SHARES

	£000
At 1 October 2017	107
Reserves transfer	(82)
Proceeds from sale of own shares	(22)
At 30 September 2018	3

39 COMMITMENTS

The total future value of minimum lease payments under non-cancellable operating lease rentals are as follows:

	Land and buildings	
	2018 £000	**2017 £000**
Due		
Not later than one year	**541**	321
Later than one year and not later than five years	**1,234**	703
Later than five years	**475**	-
	2,250	1,024

Included in the above is a lease where the charge to the Income Statement for the lease will be borne by Driver Consult Ltd. The amounts in relation to this lease are as follows: Due not later than one year £330,000 (2017: 321,000) and due later than one year and not later than five years £394,000 (2017: £703,000).

40 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in section 33 of FRS 102 and has not disclosed transactions with other wholly owned members of the Group headed by Driver Group plc. Transactions with Directors include transactions disclosed on page 24. There is no ultimate controlling party.

41 POST BALANCE SHEET EVENTS

There have been no significant events requiring disclosure since 30 September 2018.

Registered Office:
Driver House
4 St Crispin Way
Haslingden
Lancashire
BB4 4PW

Tel: +44 (0) 1706 223 999
Fax: +44 (0) 1706 219 917
Email: info@driver-group.com

www.driver-group.com

driver group plc