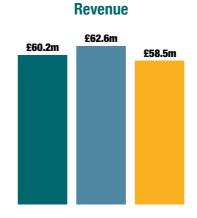
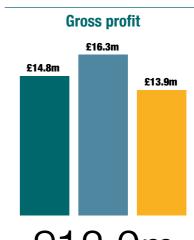




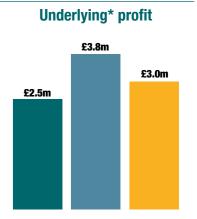
# Highlights 2018/19



£58.5m (2018: £62.6m) -7%



£13.9m (2018: £16.3m) -14%



£3.0m

(2018: £3.8m) -22%

**Profit for the year** 

£2.7m

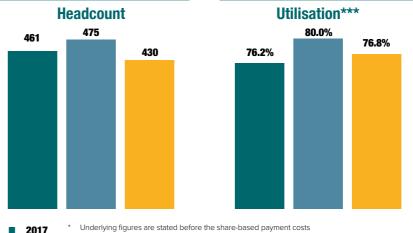
(2018: £2.2m) +27%

2018

Net cash\*\*

£5.4m (2018: £6.9m) -22% **Earnings per share** 

(2018: 4.0p) +30%



 $\,\,^{**}\,\,$  Net cash 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

- Revenue decreased by 7%
- Underlying\* profit decreased by 22% to £3.0m (2018: £3.8m)
- Profit for the year increased to £2.7m (2018: £2.2m)
- Net cash decreased to £5.4m (2018: £6.9m)
- Utilisation\*\*\* decreased to 76.8% (2018: 80.0%)
- Earnings per share increased to 5.2p (2018: 4.0p)

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**Driver has delivered another strong set** of results, with robust revenue and good profitability for the period, as a result of a markedly improved performance in

the second half of the year following a

challenging first six months



# Chairman's statement



**Steven Norris** Non-Executive Chairman 9 December 2019

### **INTRODUCTION**

The first six months of this year were a challenge for the Group as turnover fell substantially below anticipated levels. I have made the point several times that our ability to predict income much beyond two months is limited by the nature of the assignments we are asked to undertake. But the senior management team led by Gordon Wilkinson and Mark Wheeler did a sterling job to ensure that in addition to the cost reductions we initiated last year we reduced our break-even point even further. As a result although turnover in the second six months was not markedly different from the first half we were able to produce a thoroughly decent second half profit and a full year which while less than the previous year will stand us in good stead going forward. The broad geographic spread of the business has proved itself to be a strong and resilient business model, meaning that the excellent performance in Europe and Americas ('EuAm region') has offset the fall in the profitability of other regions. We are encouraged by the new business pipeline and by trading activities in the early weeks of the new financial year. Combined with the steps we have taken to reduce operating costs, the Board are confident that the Group can continue to enjoy further success in the coming year.

### FINANCIAL RESULTS

The Group's revenue for the year was £58.5m (2018: £62.6m). The underlying\* profit before tax was £3.0m (2018: £3.8m), which we believe more accurately reflects the underlying operating performance of the Group. The reported profit for the year increased to £2.7m (2018: £2.2m). The adjusted continuing basic earnings per share before share-based payments was 4.7p (2018: 6.1p).

There have been some regional differences in performances this year, with EuAm region the standout performer. Revenue in EuAm region grew by 3.5% to £29.8m (2018: £28.8m), and segmental profitability increased significantly by 31% to £3.9m (2018: £3.0m), reflecting an excellent year across the region. The Middle East ('ME region'), and Asia Pacific ('APAC region') have both had to weather a more challenging financial year. In the ME region, fairly steady levels of revenue and good utilisation rates (81% for the region) in Qatar and Oman were hindered by a weaker performance in UAE and Kuwait, meaning that profit reduced to £1.4m (2018: £2.1m). APAC region's revenue was down by 17% largely as a result of reduced activity in Singapore and Malaysia where large commissions were delayed during the year. This resulted in a loss for the Group in the region. We remain committed to these regions as there is a positive pipeline of work and opportunities remain that we will

look to capitalise on in the coming year.

Net cash at the close of the year stood at £5.4m (2018: £6.9m). This is after funding a dividend payment of £0.3m and a share buy-back programme of £1.0m during the

The Company's recently reinstated progressive dividend policy remains in place with the Directors approving the payment of an interim dividend for 2019 of 0.5p per share in October 2019 and recommending the payment of a final dividend of 0.75p per share (2018: 0.5p per share), reflecting our confidence in the renewed strength of the Group. The Board are committed to maximising shareholder value, while retaining balance sheet flexibility to fund ongoing operating requirements.

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 leading firms in its areas of expertise. 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 course they remain under continual review. Your Board believes that the current share price does not fully reflect the true value of the business going forward and thus initiated a share buy-back which benefits all shareholders. We remain committed to the share buy-back programme, subject always to our being able to do so from surplus cash and in the absence of alternative uses of capital, such as infill acquisitions, with the potential to deliver higher returns.

### BOARD

Driver Group appointed Elizabeth Filkin CBE to its Board as a Non-Executive Director on 1 October 2019 following a rigorous search process. Elizabeth's background and expertise further enhances our sectoral agility and reach, and we are delighted that she has joined us. We intend to appoint a third independent non-executive director in the course of the next few months.

### OUTI OOK

As I have highlighted above, in a professional services business such as Driver, it is always difficult to predict activity levels and we have certainly experienced this over the past year, with projects that we expected to convert instead delayed or deferred. I have however, been pleased to see that, as we look to the future the



business is capable of being profitable and cash generative in good times and less good times

The cash position of the business remains strong and with a promising pipeline, the Board is confident that the Company can continue to build on the exceptional progress we have made in the last two years. The new financial year has started in line with expectations, and whilst a certain degree of uncertainty always exists around future projects, we are encouraged by the pipeline that we have. In the short term we continue to be well placed to benefit from the opportunities in our markets and to create value for our shareholders.

I would like to take this opportunity to thank all of the staff of Driver Group across the business for the continued loyalty and dedication that they have shown during this and previous years. Under the leadership of Gordon Wilkinson and Mark Wheeler each and every one has contributed to building a strong and resilient business and I express my profound gratitude to them all.

Finally, I should also like to thank again both our longstanding and new shareholders for their 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
- Net cash consists of cash and cash equivalents, bank loan and finance leases
- \*\*\* Utilisation % is calculated by dividing the total hours billed by the total working hours available for chargeable staff







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

**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.

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# Driver

PRIAUCTURE PROCESS MINING

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

### 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 dualqualified staff deliver results that add value beyond client expectations.

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.

### 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.

### 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.

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.

### QUANTITY SURVEYING

PLANNING AND PROGRAMMING

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.

### PRE-CONTRACT

litigation.

DISPUTE RESOLUTION

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

Driver Group work closely with our clients,

employers, and legal firms to deliver robust and

effective solutions. Our involvement can start at

stage and run through commercial discussions,

negotiations, or formal dispute processes such

as mediators, adjudicators, arbitration and

the preliminary, investigative and preparation

including contractors, subcontractors,

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.

### 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.

Design and Production: Gerry Judah



# Chief Executive Officer's Review



### INTRODUCTION

I am very pleased to be able to report that, following a slow first six months to 2018/19, Driver Group has benefited from a much stronger second half to the financial year, and is continuing to make good progress across markets and sectors. It has been extremely encouraging to see the effects of the review of the business's strategic priorities earlier in the year now feeding through, with a markedly improved performance over the last six months. I am confident that Driver Group is now well positioned to move into 2019/20 as a more resilient and focused business, where we expect to capitalise on the efficiency gains which have been achieved and to benefit from the added momentum generated within the business during the second half of the year.

The Group's global operating footprint has proven to be a source of significant operational strength and diversified risk with a strong result in the EuAm region offsetting weaker performance in the ME and APAC regions following a slow down in these markets. The Company continues to perform well across markets, regions and sectors with the new business enquiry pipeline at a healthy level, and a significant upturn in the level of enquiries in the second half of the year. We fully expect to make good progress in converting these leads, based on our track record of prudent business planning and management, our exceptional team of world-class professional services experts and our specialist understanding of sectors, markets and disciplines.

The benefits of our focused and targeted restructuring across the Group were evident in the second half of the year, and we expect to continue to see the value of it flowing through in 2019/20, particularly in the APAC and ME regions. As a result of the active management of the business reducing the costs, leading to the improved operating performance that we have seen in the last six months of the year, our underlying\* profit before tax was £3.0m.

Our utilisation rates, which are as ever, a key performance indicator for a global professional services business such as Driver, remain satisfactory at 76.8%, demonstrating that we have not been adversely impacted by the global slowdown that many have found evident over the past year.

Driver Group's plans for further strategic growth and development remain unaltered. Because the business is now on a firm financial footing, the Company has, over the last 12 months and more, run the slide rule over a number of potential acquisitions to assess whether they might add momentum to our business across key product sets and locations. Ultimately, we have concluded that none of

these prospective candidates would generate the required synergies and that proceeding, therefore, with such acquisitions would fail to meet the test of being appropriate and earnings accretive; but we continue to have an open mind about future opportunities.

Your Board's confidence in the business and its strategic vision, and the business's prudent approach to long-term planning and balance sheet management, has led the Company to undertake a successful buy-back programme of £1.0m of shares.

The Company continues to develop data management software to enhance the service to clients and strengthen its leading global competitive market position. This has already been utilised in the APAC region where its benefits have quickly become apparent, enhancing service to our clients and delivering efficiency gains within the business. We have established an in-house data team. based in Singapore, who prepare bespoke software tools for use within the business. Typically, these tools are used for extensive data mining and add value to our clients by locating critical data quickly which saves money and, at the same time, may allow the discovery of key information within a strict court or arbitration deadline, which might otherwise not be possible. Our data services will be extended to be a direct client service within the next two vears, following further development and global roll-out within the business

I would like to take this opportunity on behalf of your Board to thank all the team at Driver Group for their hard work and commitment to the business during what has been a challenging period, and to our loyal clients around the world. We are appreciative of the support of all of them as we continue to position the business for further growth and an even better advisory offering as we begin the next decade.

### FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue remains steady, although reduced year on year at £58.5m (2018: £62.6m). Underlying\* profit before tax, given the issues in the first half of the financial year was respectable at £3.0m, although down from £3.8m in 2018. However, the reported profit for the year is up 27% on 2018 at £2.7m (£2.2m in 2018) as a result of the movement in share based payments during the year.

### REGIONAL BREAKDOWN

### **ASIA PACIFIC**

The APAC region has experienced a challenging year, and been unable to meet its performance targets. The results are partly a result of a slowdown in those markets and external challenges beyond our control; but they are, nonetheless, disappointing for the Group. Revenue was



down across the region with the largest reductions being in Singapore and Malaysia which were a combined 17% below the 2018 position. As a consequence profitability was significantly down for the region and timely and effective measures have been put in place to reduce the cost base accordingly at a cost of  $\pounds 0.2m$ . As a result we hope to move forward with a more positive start to 2019/20 as there remains a strong pipeline of work, and we are well placed to exploit future opportunities in the region.

### MIDDLE EAST

In the ME region whilst Oman's revenue increased slightly by 0.6% to £6.1m both Qatar and UAE were down 5.7% and 8.6% at £3.2m and £9.7m respectively. Additionally the evidence of the ongoing opportunities for the Group in the ME region was hampered by a significantly weaker performance in Kuwait which was largely impacted by a local market slow down and a change in senior management. As a result, regional profit was £1.4m for the year, 32% down on the previous year.

The Group still attaches importance to this region, and the potential that it provides for the business; nonetheless, in the short term, decisive action has been taken to reduce overhead in the region at a cost of £0.2m and ensure sustainable future presence and trading performance in the ME region.

### **EUROPE AND AMERICAS**

Across the EuAm region, there has again been a strong trading performance, resulting in an overall increase in revenue of 3.5% to £29.8m. The UK's revenue was encouraging at £21.4m, with a good performance across the whole of the UK market for both claims and project services. Other markets performed well too, but most notably Germany and Canada delivered significant increases in revenues of 35% up to £2.2m, and 46% up to £1.4m respectively. Profitability in the region rose 32% to £3.9m, reflecting the strength of our proposition. Our Technical Services team in London has continued to grow,

increasing from 3 people 3 years ago, to 14. The team offers forensic architecture and engineering globally, from the UK. It is likely that this fast growing sector will be supplemented with further disciplines, to include geotechnical and engineering disciplines that relate directly to the exploration, extraction and refinement of oil and gas products. It is also likely that future years will see these services offered locally in our key centres of Dubai and Singapore, as well as in London. We are encouraged by the pipeline for 2019/20, and believe that the business is well positioned for further growth in the year ahead.

### OUTLOO

In spite of a challenging first half, the year has finished strongly, which is testimony to the work of all the team. That strong finish, supported by an enquiry rate which remains globally robust, has helped to ensure that there has been strong momentum into the new financial year.

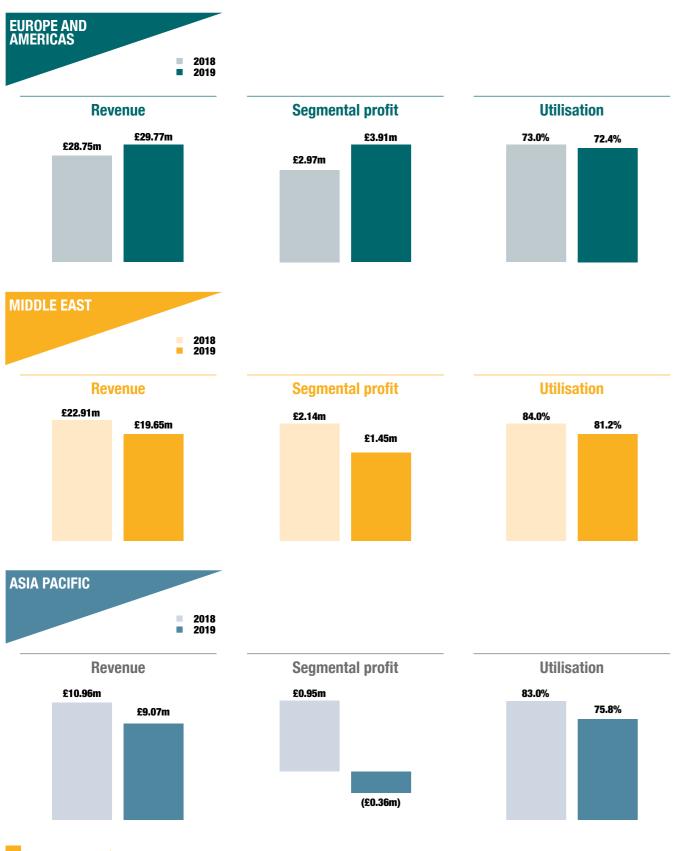
We believe that we are, therefore, well positioned to deliver a sustainable and profitable business for the coming year and beyond, and that we can provide on-going success for all our stakeholders. I am very pleased to be able to report that, following a slow first six months to 2018/19. Driver **Group has** benefited from a much stronger second half to the financial year, and is continuing to make good progress across markets and sectors.



- Underlying figures are stated before the share-based payment costs
- \*\* Net cash 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

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# Operational Performance







# Chief Financial Officer's Review



**David Kilgour** 9 December 2019

INCOME STATEMENT	2019 £m	2018 £m
Revenue	58.49	62.62
Cost of sales	(44.95)	(46.34)
Impairment movement	0.40	-
Gross Profit	13.94	16.28
Recurring operating expenses	(10.85)	(12.31)
Net finance costs	(0.09)	(0.13)
Underlying* profit before tax	3.00	3.84
Share based payments charge	0.25	(1.10)
Profit before Tax	3.25	2.74
Tax expense	(0.50)	(0.57)
Profit for the year	2.75	2.17

In 2019 Driver Group performed well in the EuAm region but faced a slowdown in activity levels in the ME and APAC regions. Overall this resulted in lower revenues and underlying\* profit before tax than 2018 however, profit for the year has improved by 27% as a result of the profit and loss account movement in share based payments during the year. The key financial metrics are as follows:

KEY METRICS	2019	2018
Revenue	£58.49m	£62.62m
Gross Margin %	23.8%	26.0%
Profit for the year	£2.75m	£2.17m
Utilisation Rates	76.8%	80.0%
Basic earnings per share	5.2p	4.0p

Total revenue decreased by 7% to £58.49m (2018: £62.62m) and gross profit decreased by 14.4% to £13.94m (2018: £16.28m). The reduction in gross margin was as a result of the lower revenues in the APAC and ME regions the impact of which has been offset by a rationalisation of the cost base. The profit before tax for the year has increased by 19% to £3.25m (2018: £2.74m) as a result of the movement in share based payments during the year. The net cash\*\* at the year end was £5.4m compared to net cash\*\* of £6.9m in 2018, after funding a dividend payment of £0.27m and a share buy-back programme amounting to £1.0m. Underlying\* profit before tax benefited from an impairment credit of £0.4m during the year as a result of the collection of old previously provided debts. However, this was offset by incurring £0.4m of rationalisation costs in the ME and APAC regions.

The EuAm region increased revenue by 3.5% to £29.77m (2018: £28.75m) and generated an increase in segmental profit of 31.6% to £3.91m (2018: £2.97m). This excellent performance was driven by good revenues in the UK of £21.41m (2018: £21.52m) and significant growth in revenues in mainland Europe of 11% to £6.93m (2018:

£6.25m) and strong growth in revenues in Canada of 46% to £1.44m (2018: £0.98m).

The ME region saw revenues drop during the year by 14.2% to £19.65m (2018: £22.91m) due to a reduction in market activity in the UAE and Kuwait. Revenues in Oman showed a small increase at £6.05m and revenues in Qatar were down 5.7% at £3.2m (2018: £3.4m). Segmental profit for the region decreased to £1.45m (2018: £2.14m).

The APAC region saw revenues drop by 17.2% to £9.07m (2018: £10.96m). The reduction was spread across the region although more pronounced in Singapore as it proved difficult to maintain the performance in 2018. Singapore is now well established as a regional claims and dispute hub, however, these tend to be larger commissions which result in more variable annual revenues. The segmental result for the year was a loss of £0.36m (2018; seamental profit £0.95m). The APAC region continues to be a target for further growth opportunities.

The utilisation\*\*\* rate of chargeable staff across the business as a whole for the year stood at 76.8%, a decrease from 80.0% in the prior year reflecting the weak first half to the year. Utilisation rates displayed a degree of variability throughout the year ranging from a low of 70.8% to a high of 84.2%. This overall decrease in utilisation is clearly a significant factor in the results for 2019 and is one of the businesses' key performance indicators.

After a net interest charge of £0.09m (2018: £0.13m) the underlying\* profit before tax was £3.00m (2018: £3.84m) and the reported profit before tax was £3.25m (2018: £2.74m) after a credit of £0.24m for share-based payments (2018: charge £1.10m). The credit for share-based payments has been due to the criteria for the vesting of share options not being met for the year. Details of the outstanding options can be found in the Report of the Directors and Directors' Remuneration Report.





### **NET WORKING CAPITAL**

At the end of the year, net cash\*\* stood at £5.4m (2018: £6.9m) after dividend payments and a share buy-back programme amounting to £1.3m in aggregate during the year. Net working capital has increased slightly during the year due to a reduction in creditors and timing of debtor receipts.

### **TAXATION**

The Group incurred a tax charge of £0.50m in the year (2018: £0.57m). The tax charge includes the effects of expenses not deductible for tax purposes and is calculated at the prevailing rates for the jurisdictions in which the Group operates. Consequently, the effective tax rate for the year was 15% (2018: 21%). Adjusting for the share-based payments charge the effective tax rate is 17% (2018: 15%).

### **EARNINGS PER SHARE**

Basic earnings per share was 5.2 pence (2018: 4.0 pence). Underlying\* continuing basic earnings per share was 4.7 pence (2018: 6.1 pence).

There was a net cash inflow from operating activities before changes in working capital of £3.44m (2018: £4.42m), reflecting the reported profit for the year of £2.75m (2018: £2.17m) after depreciation and amortisation of £0.42m (2018: £0.55m) and the share-based payment credit of £0.24m (2018: charge £1.10m). Within that, there was an increase of £0.66m in trade and other receivables (2018: increase of £1.29m), and a decrease in trade and other payables of £2.05m (2018: increase of £2.94m). Net tax paid in the year was £0.62m (2018: £0.39m).

There was a net cash outflow from investing activities of £0.29m (2018: inflow £1.5m) principally capital

expenditure of £0.34m offset by interest received. The inflow in 2018 was principally due to the sale of the head office building and the disposal of a subsidiary which combined amounted to £1.85m offset by capital expenditure of £0.35m

Net cashflow from financing activities was an outflow of £2.36m (2018: outflow of £2.17m) with the current year reflecting the dividend and share buy-back programme of £1.27m and scheduled term loan repayments of £0.98m.

CASHFLOW	£m
Net cash** at 30 September 2018	6.90
Operating cash flow before changes in working capital	3.44
Increase in Trade and other receivables	(0.66)
Decrease in Trade and other payables	(2.05)
Tax paid	(0.62)
Net interest paid	(0.09)
Capital spend	(0.34)
Repurchase of shares	(1.00)
Dividends paid	(0.27)
Proceeds from the sale of shares	0.02
Effects of Foreign Exchange	0.07
Net cash** at 30 September 2019	5.40

The Directors propose a final dividend for 2019 of 0.75p per share (2018: 0.50p per share). If approved, the dividend will be paid on 20 March 2020 to shareholders on the register on 21 February 2020.



In 2019 Driver Group performed well in the EuAm region but faced a slowdown in activity levels in the ME and APAC regions. Overall this resulted in lower revenues and underlying\* profit before tax than 2018 however, profit for the year has improved by 23% as a result of the profit and loss account movement in share based payments during the year.



\* Underlying figures are stated before the share-based payment

\*\*Net cash consists of cash and cash equivalents, bank loans and finance leases

dividing the total hours billed by the

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# Risk Management

The Board outlines the principal risks that the Directors consider could impact the business. Underlying these principal risks are the differing economic factors which affect the geographically widespread regions in which we operate. The Board continually reviews the risks facing the Group to ensure the necessary controls are in place to mitigate any potential adverse impact. 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

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.

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 £2.1m (2018: £3.1m) repayable over the period from 30 June 2018 to 28 February 2020 and access to a revolving credit facility of £3.0m repayable on 28 February 2020. With the £3.0m revolving credit facility undrawn and cash balances of £7.5m the Group had access to £10.5m of available funds at 30 September 2019. The Group's facilities with the bank are secured by means of debentures over the Group's assets. The Group have agreed credit terms with their lenders for a replacement revolving credit facility of £3.0m for a period of 3 years, which although not required for the foreseeable future will be a replacement for the existing facility.

### 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.

### **IITII ISATION 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. The net value of EUR, CAD, 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 2019 are shown in note 19 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 19 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 of This Land, the armslength property development arm of Cambridgeshire County Council. He is a member of the Board of Cubic Corporation Inc (NYSE: CUB) and Deputy Chairman of Optare plc. Steve is also Chairman of the National Infrastructure Planning Association and a Commissioner of the Independent Transport Commission. He served on HM 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, an Eminent 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.



Elizabeth Filkin CBE Ion-Executive Director

Former Parliamentary Standards Commissioner, Elizabeth has carried major roles in both the private and public sectors. She currently combines chairing The Employers'

Initiative on Domestic Abuse, TecSOS and The Independent Advisory Board, Marston Holdings with board membership of the Chartered Institute of Legal Executives. She also serves on several Trusts.

Elizabeth was Chief Executive of Citizens Advice, The Revenue Adjudicator, The Independent Advisor to the Metropolitan Police Services (MPS) on the relationship between the media and the police. She was Deputy Chief Executive at the London Docklands Development Authority after promotion from her role as Director of Community Services, and was responsible for delivering a major housing programme and a range of services including schools, colleges and health centres.



**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

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.



on-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

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**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, 1 New Fetter Lane, London, EC4A 1AN

**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,** Steelpark Road Halesowen, B62 8HD



# Report of the Directors



**David Kilgour** Chief Financial Officer 9 December 2019 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 2019.

### **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 19.

### **DIRECTORS**

The Directors during the year under review were:

- S J Norris
- G Wilkinson
- M WheelerD J Kilgour
- J B G Horgan (resigned 27 February 2019)
- E Filkin CBE (appointed 1 October 2019)
- P M Collini

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 2019 Ordinary 0.4p Shares	30 September 2018 Ordinary 0.4p Shares
S J Norris	247,062	237,562
G Wilkinson	669,100	650,000
M Wheeler	310,000	300,000
D J Kilgour	60,000	50,000
J B G Horgan	-	50,000
P M Collini	60,000	50,000

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. Only the profit target for September 2018 has been met to date and the 50,000 options relating to September 2018 have not yet been exercised. During the year Mr Norris also purchased a further 9,500 shares.

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 full 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 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 £2.4m; a further 300,000 shares if PBET for the year ended 30 September 2018 is equal to or exceeds £3.0m; and a further 300,000 shares if PBET for the year ended 30 September 2019 is equal to or exceeds £3.7m. 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 was met, with September 2018 exceeding the target by £800,000. The target for September 2019 has not been met. Mr Wilkinson has not yet exercised any of the above share options which stands at 1,080,000 shares. During the year Mr Wilkinson also purchased a further 19,100 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 but the target for September 2019 has not been met. Mr Wheeler has not exercised any of the above share options which stands at 453,336 shares. During the year Mr Wheeler also purchased a further 10 000 shares

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 but the target for September 2019 has not been met. Mr Kilgour has not exercised any of the above share options which stands at 113,336 shares. During the year Mr Kilgour also purchased a further 10,000 shares.

During the year Mr Collini purchased a further 10,000 shares

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 2019, the Trust owned 3,677 (2018: 3,677) shares which it acquired at an average of 73p per share (note 11).

During the year the Company repurchased 1,737,811 shares at a cost of £1.0m. These shares are held as treasury shares by the Company.

### **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. There have been no post balance sheet events requiring further disclosure.

### **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.

### THE BOARD

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

During the financial year ended 30 September 2019, John Horgan served as a Non-Executive Director until he retired by rotation at the Annual General Meeting of the Company held on 27 February 2019. Elizabeth Filkin CBE, was then appointed as Non-Executive Director of the Company with effect from 1 October 2019

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 or employees of the Company; and (ii) none of them have a relationship with the Company that will interfere with the exercise of independent judgement in carrying out their responsibilities as Directors. Although options to purchase up to 150,000 shares were granted to Steven Norris during the previous financial year ended 30 September 2018 these are not considered by the Company to impact his independence. No new options have been granted during the financial year ended 30

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 appointment of Elizabeth Filkin CBE is also subject to confirmation at the next 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 policies and practice 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

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 comprised of Peter Collini (as Chair), who is a Chartered Accountant and as such a recognised financial expert, and John Horgan until 27 February 2019 when John Horgan retired as a Non-Executive Director by

Upon John Horgan's retirement, Steven Norris joined the Audit Committee with Peter Collini pending the recruitment of a new Non-Executive Director.

Elizabeth Filkin CBE was then appointed as Non-Executive Director on 1 October 2019 and the Audit Committee comprises Peter Collini and Elizabeth Filkin CBE with effect

Other Directors may attend meetings of the Audit Committee 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

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 comprised of John Horgan, Steven Norris and Peter Collini until 27 February 2019 when John Horgan retired as a Non-Executive Director by

Upon John Horgan's retirement, the Remuneration Committee therefore comprised Steven Norris and Peter Collini pending the recruitment of a new Non-Executive

Elizabeth Filkin CBE was then appointed as Non-Executive Director on 1 October 2019 and Chair of the Remuneration

Committee. The Remuneration Committee comprises of Elizabeth Filkin CBE and Peter Collini with effect from that

Other Directors may attend meetings of the Remuneration Committee by invitation.

The Remuneration Committee is expected to meet not less than twice a year and at such other times as may be

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 in the annual audited 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 auditors 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 advisers 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

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 2019, the Company's nominated adviser 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.

### **BOARD EVALUATION, EFFECTIVENESS AND SUCCESSION**

The performance of the Executive Directors as individuals is monitored by the Remuneration Committee as set out

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

A board effectiveness review in relation to the year ended 30 September 2019 has been undertaken through the circulation of an internal questionnaire to all Directors as part of the review of the year end accounts and returned to the Chairman. The questionnaire asked the Directors to rate the Board's performance in a number of key areas. The results were considered and discussed at a meeting of

At the Board meeting to consider the results of the review, it was noted that following the retirement of John Horgan at the Annual General Meeting on 27 February 2019, the Company had two non-executive directors and that from an independence and Board balance perspective it would be better to have three Non-Executive Directors. It was also noted that there were diversity issues that ideally needed to be addressed in that during the year ended 30 September 2019 the Board had comprised entirely of male

Elizabeth Filkin CBE, however, was appointed as Non-Executive Director on 1 October 2019 which increased the numbers of Non-Executive Directors to three and improved

Flizabeth also chairs the Remuneration Committee and sits on the Audit Committee both of which comprise of two independent Non-Executive Directors in the form of Flizabeth and Peter Collini

With regard to succession planning the Board concluded at the review meeting 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 since 30 September 2018 are as follows:

ATTENDANCE	Board N	leetings		ommittee etings
	Held	Attended	Held	Member Attendance
Steven Norris	12	12	3	1
Peter Collini	12	11	5	5
John Horgan	3	2	1	1
Elizabeth Filkin CBE	2	1	1	1
Gordon Wilkinson	12	12	-	-
David Kilgour	12	12	-	=
Mark Wheeler	12	12	-	-



Note 1: John Horgan retired as a Non-Executive Director by rotation at the Annual General Meeting held on 27 February 2019.

Note 2: Elizabeth Filkin CBE was appointed as a Non-Executive Director on 1 October 2019 and was not therefore required to attend Board meetings or committee meetings prior to that date. Furthermore, the first Board meeting which she was eligible to attend was held shortly after her appointment.

Note 3: Although not members of the Audit Committee, in addition to the members of the Audit Committee who attended the meetings which they were eligible to attend as referred to in the above table, Gordon Wilkinson was invited to and attended one meeting of the Audit Committee by invitation and David Kilgour was invited to and attended 5 meetings of the Audit Committee by

In addition to the Board meetings and the meetings of the Audit Committee referred to in the above table, a meeting of the Remuneration Committee was held as part of the annual review of remuneration. Both Elizabeth Filkin CBE and Peter Collini attended the relevant meeting as members of the Remuneration Committee.

### NON-EXECUTIVE DIRECTOR TERMS OF APPOINTMENT

Steven Norris, Peter Collini and Elizabeth Filkin CBE 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 Peter Collini and Elizabeth Filkin CBE 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, Peter Collini £2,500 per calendar month and Elizabeth Filkin CBE £2,500 per calendar month. Fees are reviewed

John Horgan ceased to be a Non-Executive Director on 27 February 2019. He was engaged on the same terms as Peter Collini and paid £2,500 per calendar month up to the point in time when he ceased to be a Director plus 3 months' notice of £7500

### **EXECUTIVE TERMS OF APPOINTMENT**

Gordon Wilkinson, Mark Wheeler and David Kilgour have each entered into service agreements with the Company.

The service agreements of Gordon Wilkinson and Mark Wheeler are terminable by either party on 12 months' written notice and the service agreement of David Kilgour is terminable on 6 months' written notice by either party. The service agreements contain provisions for earlier termination in certain circumstances.

For details of the remuneration of the executive directors please refer to the Directors' Remuneration Report in these Accounts.

### STRATEGY AND BUSINESS MODEL

The Strategic Report includes a detailed description of our business, the relevant risks that we consider apply 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 and 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 adviser).

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 can be found on our website and 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

Customer assignments are managed by a director who remains responsible until its conclusion and who will regularly revaluate 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 utilise their skills and experience to create innovative and flexible solutions at every opportunity.

### PFOPI F

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 standard throughout our organisation. 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 and ethical values annually as part of the Board evaluation process.

### **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 arounds 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

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 10 December 2019 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 2020 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 2019

The members of the Remuneration Committee are Elizabeth Filkin (Chairman) 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

### **DIRECTORS' REMUNERATION REVIEW**

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

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

Elizabeth Filkin **Chairman of the Remuneration Committee** 9 December 2019

DIRECTORS' REMUNERATION 2019	Salary and fees £	Bonus £	Benefits £	Car allowance £	Pension £	Total Remuneration £
Gordon Wilkinson (1)(2)	420,000	23,750	746	12,000	40,000	496,496
David Kilgour <sup>(1)(3)</sup>	163,900	-	5,205	12,000	-	181,105
Mark Wheeler <sup>(1)</sup>	330,000	-	2,603	12,000	9,900	354,503
Steven Norris (1)	60,000	-	-	-	-	60,000
John Horgan <sup>(6)</sup>	20,000	-	-	-	-	20,000
Peter Collini	30,000	-	-	-	-	30,000
Total	1,023,900	23,750	8,554	36,000	49,900	1,142,104

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

SHARE OPTIONS 2019	Opening Number	Granted Surri Number	endered Number	Lapsed Number	Closing Number	Exercisable at 30 September 2019 Number	Exercise Price £	Value of exercisable shares at grant date £	Value of exercisable shares at 30 September 2019 £
Gordon Wilkinson (1)(2)	1,980,000	-	-	(300,000)	1,680,000	1,080,000	Nil	722,400	567,000
David Kilgour <sup>(1)(3)</sup>	213,336	-	-	(50,000)	163,336	113,336	Nil	75,735	59,501
Mark Wheeler (1)	853,336	-	-	(200,000)	653,336	453,336	Nil	296,935	238,001
Steven Norris <sup>(1)</sup>	150,000	-	-	(50,000)	100,000	50,000	Nil	32,750	26,250
Total	3,196,672	-	-	(600,000)	2,596,672	1,696,672	-	1,127,820	890,753

The value of exercisable options at 30 September 2019 is based on the closing share price on 30 September 2019 of

Details of associated profit targets for the above share options can be found in the Report of the Directors.

SHARE OPTIONS 2018	Opening Number		Surrendered Number	Lapsed Number	Closing Number	Exercisable at 30 September 2018 Number	Exercise Price £	Value of exercisable shares at grant date £	Value of exercisable shares at 30 September 2018 £
Gordon Wilkinson (1)(2)	1,300,000	680,000	-	-	1,980,000	1,080,000	Nil	722,400	880,200
David Kilgour <sup>(1)(3)</sup>	-	213,336	-	-	213,336	113,336	Nil	75,735	92,369
Mark Wheeler (1)	600,000	853,336	(600,000)	-	853,336	456,336	Nil	296,935	369,469
Steven Norris (1)	-	150,000	-	-	150,000	50,000	Nil	32,750	40,750
Total	1,900,000	1,896,672	(600,000)	-	3,196,672	1,696,672	-	1,127,820	1,382,788

The value of exercisable options at 30 September 2018 is based on the closing share price on 30 September 2018 of

Details of associated profit targets for the above share options can be found in the Report of the Directors.

- Share option charge in respect of options held by directors is a credit of £243,000 (2018: charge £1,065,743).
- Share option charge in respect of options held by directors is a credit of £243,000 (2018: charge £1,005,743).

  During 2017 Gordon Wilkinson was paid a bonus of £190,000 which is subject to a retention clause to 31 December 2018. An amount of £23,750 (2018: £95,000) has been recognised as an expense in these financial statements in relation to this payment,

  David Kilgour was appointed to the Board as Chief Financial Officer on 12 December 2017.

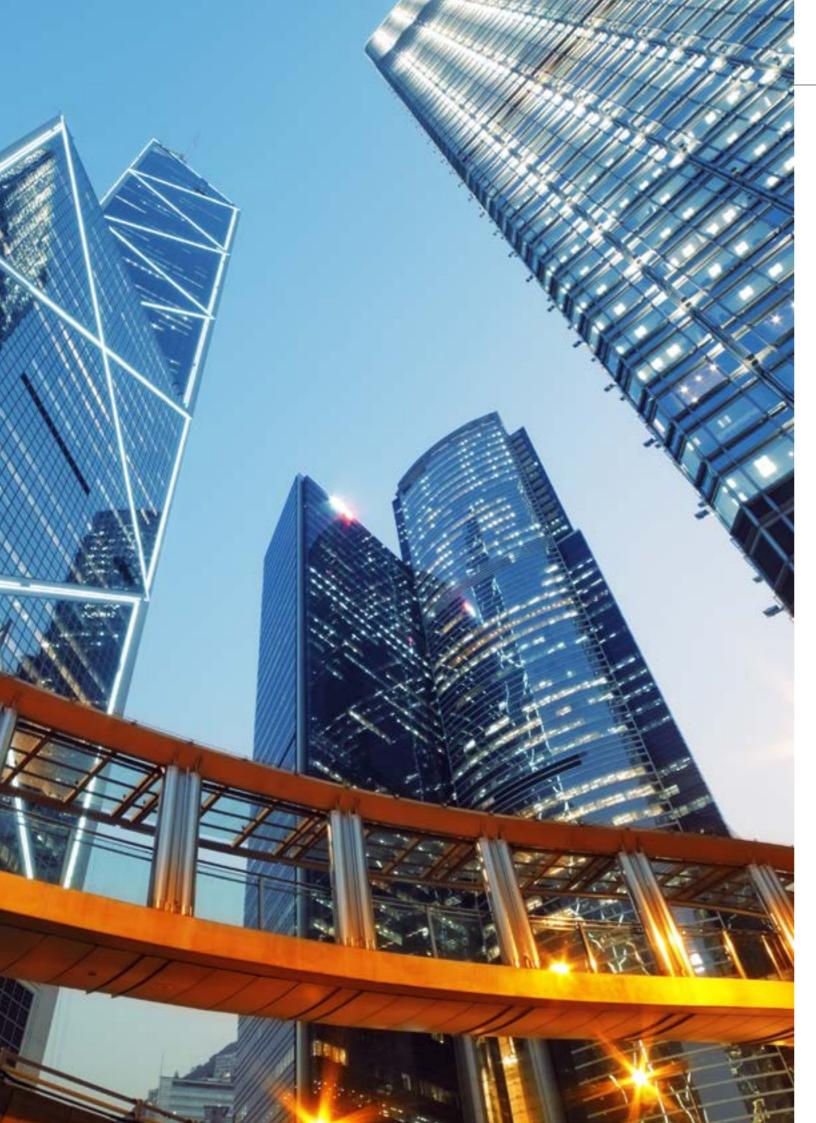
  Hugh Cawley resigned as Group Finance Director effective 12 December 2017 but retained his contractual entitlements to June 2018.

- Colin Davies resigned as a Non-Executive Director on 31 October 2017. John Horgan resigned as a Non-Executive Director on 27 February 2019.

For the year to 30 September 2019, the remuneration of Non-Executive Directors was set by the Board and consisted of an annual fee paid in equal monthly instalments.

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# 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

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



# 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 2019 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 2019 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

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.

### How We Addressed the Key Audit Matter

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

### Key observations:

Based on the audit procedures above we did not find any material misstatements in management's recognition of revenue.

### **Trade Receivables Impairment Provisions**

As described in note 23 (critical accounting estimates and judgements), management estimate the expected credit loss provision required for impaired receivables. As at 30 September 2019, as shown in note 12, the group held trade receivables of £16,371k (2018: £17,807k).

Judgement is required to assess the expected credit loss for receivables, to estimate the provision for receivables which may not be recoverable. Such judgements include management's expectations of future payment based on the forward looking assessment and macroeconomic factors, as applied to the historic default rates considered by the geographical location of the group's entities. Management also exercise judgement in determining whether any specific additional provisions are required.

Given the higher level of judgement involved by management, this is a significant audit risk.

### How We Addressed the Key Audit Matter

We obtained assurance over management's judgements applied in calculating the amount of receivables provisions by:

- Reviewing management's calculation of the expected credit loss provision, including agreeing the inputs to source ledgers and assessing management's judgement on the forward looking assessment by comparison to our understanding of the business and corroboration to macroeconomic reports of the relevant geographies where possible:
- In order to assess whether any specific additional provisions were required, 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.
- For significant foreign components we set trade receivables impairment provisions 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 noted above on both management's calculation of expected credit loss provisions and any specific additional provisions considered required.
- For certain non-significant components, we tested management's expected credit loss provisions by comparing to our estimate of the provisions required based on the historic data and consideration of specific provisions required. Furthermore, in order to assess for any specific provisions required, we also 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.

### Key observations:

Based on the audit procedures above we did not find any material misstatements in the calculation of the receivables provisions.



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

### **OUR APPLICATION OF MATERIALITY**

Group materiality FY 2019	Group materiality FY 2018	Basis for materiality
£270,000	£470,000	2% gross profit (2018 – 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.

In the current year materiality has moved to being based on a profit based measure from revenue, following the group's transition to being profit-making on a consistent basis over recent years. We consider gross profit to provide an appropriate and consistent determinant of the group's financial performance, given the significant fluctuations in the net profit/loss of individual components 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 £202,500 (2018: £352,500), representing 75% (2018: 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 £50,000 to £151,000 (2018: £81,400 to £176,000). Component materiality was set primarily based on the size of each component, combined with the risk assessment analysis performed by component at group level. Parent company materiality was £151.000 (2018: £261,000). 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 £5,400 (2018: £9,400). 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 and Singapore. The operations in the United Kingdom were subject to a full scope audit while the significant components in United Arab Emirates, Oman and Singapore were audited with a full scope to component materiality. The United Arab Emirates and Oman 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. These have been audited by BDO UK or other component auditors as noted above, and account for 75% of the group's revenue 81% of the group's total assets and 76% of the group's gross profit.

Whilst materiality for the financial statements as a whole was £270,000, 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, a senior member of the audit team visited Oman and met with the component auditors and reviewed the component auditor working papers of the Oman and United Arab Emirates components. They also attended a clearance meeting with local management. For all 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 the significant component in Singapore, in addition to the reviews of the auditor working papers for United Arab Emirates and Oman noted above.

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 **FXCFPTION**

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:
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' responsibilities statement set out on page 27, 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: www.frc.org.uk/ auditors responsibilities. This description forms part of our auditor's report.

### **USE OF OUR REPORT**

9 December 2019

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

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 2019

	Notes	2019 £000	2018 £000
REVENUE	2	58,486	62,615
Cost of sales		(44,950)	(46,338)
Impairment movement	12	401	-
GROSS PROFIT		13,937	16,277
Administrative expenses		(10,760)	(13,546)
Other operating income		155	139
Underlying* operating profit		3,089	3,970
Share-based payment charges and associated costs	17	243	(1,100)
OPERATING PROFIT	2, 4	3,332	2,870
Finance income		44	17
Finance costs	6	(131)	(148)
PROFIT BEFORE TAXATION	2	3,245	2,739
Tax expense	7	(497)	(567)
PROFIT FOR THE YEAR		2,748	2,172
Profit attributable to non-controlling		1	3
Profit attributable to equity shareholders of the Parent		2,747	2,169
		2,748	2,172
Basic earnings per share attributable to equity shareholders of the Parent (pence)	9	5.2p	4.0p
Diluted earnings per share attributable to equity shareholders of the Parent (pence)	9	4.8p	3.8p

The notes on pages 37 to 58 form part of these Financial Statements

# Consolidated Statement of Comprehensive Income

### For the year ended 30 September 2019

	2019 £000	2018 £000
PROFIT FOR THE YEAR	2,748	2,172
Other comprehensive income:		
Items that could subsequently be reclassified to the Income Statement:		
Exchange differences on translating foreign operations	(25)	59
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR NET OF TAX	(25)	59
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,723	2,231
Total comprehensive income attributable to:		
Owners of the Parent	2,722	2,228
Non-controlling interest	1	3
	2,723	2,231

The notes on pages 37 to 58 form part of these Financial Statements

<sup>\*</sup> Underlying figures are stated before the share-based payment costs



# Consolidated Statement of Financial Position

### For the year ended 30 September 2019

	Notes		2019		2018
		£000	£000	£000	£000
NON-CURRENT ASSETS					
Goodwill	11	2,969		2,969	
Property, plant and equipment	10	685		765	
Deferred tax asset	16	268		69	
			3,922		3,803
CURRENT ASSETS					
Trade and other receivables	12	20,189		20,445	
Derivative financial asset	19	2		42	
Cash and cash equivalents	15	7,526		10,007	
			27,717		30,494
TOTAL ASSETS			31,639		34,297
CURRENT LIABILITIES					
Borrowings	14	(2,125)		(646)	
Trade and other payables	13	(9,197)		(10,623)	
Derivative financial liability	19	(398)		(639)	
Current tax payable		(428)		(456)	
			(12,148)		(12,364)
NON-CURRENT LIABILITIES					
Borrowings	14	-		(2,460)	
			-		(2,460)
TOTAL LIABILITIES			(12,148)		(14,824)
NET ASSETS			19,491		19,473
SHAREHOLDERS' EQUITY					
Share capital	17		216		215
Share premium	20		11,496		11,475
Merger reserve	20		1,055		1,055
Currency reserve	20		(425)		(400)
Capital redemption reserve	20		18		18
Treasury shares	20		(1,000)		-
Retained earnings	20		8,127		7,107
Own shares	20		(3)		(3)
TOTAL SHAREHOLDERS' EQUITY			19,484		19,467
NON-CONTROLLING INTEREST	20		7		6
TOTAL EQUITY			19,491		19,473

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

### David Kilgour

Chief Financial Officer

9 December 2019

The notes on pages 37 to 58 form part of these Financial Statements.

# Consolidated Cashflow Statement

### For the year ended 30 September 2019

	Notes	2019 £000	2018 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,748	2,172
Adjustments for:			
Depreciation	10	418	551
Exchange adjustments		(69)	(46)
Profit on disposal of property, plant & equipment		-	(52)
Finance income		(44)	(17)
Finance expense		131	148
Tax expense		497	567
Equity settled share-based payment (credit)/charge	17	(243)	1,100
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		3,438	4,423
Increase in trade and other receivables		(658)	(1,291)
(Decrease)/increase in trade and other payables		(2,053)	2,939
CASH GENERATED IN OPERATIONS		727	6,071
Tax paid		(623)	(385)
NET CASH INFLOW FROM OPERATING ACTIVITIES		104	5,686
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		44	17
Acquisition of property, plant and equipment		(338)	(350)
Proceeds on sale and operating leaseback of property, plant and equipment		-	1,650
Disposal of subsidiary net of cash acquired		-	195
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(294)	1,512
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(131)	(148)
Repayment of borrowings		(981)	(2,004)
Repurchase of share options			(17)
Proceeds from issue of new shares		22	-
Purchase of Treasury shares		(1,000)	_
Dividends paid to equity shareholders of the parent		(270)	-
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(2,360)	(2,169)
Net (decrease)/increase in cash and cash equivalents		(2,550)	5,029
Effect of foreign exchange on cash and cash equivalents		69	46
Cash and cash equivalents at start of period		10,007	4,932
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	7,526	10,007

The notes on pages 37 to 58 form part of these Financial Statements

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# Consolidated Statement of Changes of Equity

### For the year ended 30 September 2019

	Share capital £000	Share premium £000	Treasury shares £000	Merger reserve £000	Other reserves <sup>(2)</sup> £000	Retained earnings £000	Own shares £000	Total <sup>(1)</sup> £000	Non- controlling interest £000	Total Equity £000
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 <sup>(3)</sup>	-	-	-	-	-	(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
Accounting policy change - IFRS 9 (Note 12)	-	-	-	-	-	(953)	-	(953)	-	(953)
OPENING BALANCE AT 1 OCTOBER 2018	215	11,475	-	1,055	(382)	6,154	(3)	18,514	6	18,520
Profit for the year	-	-	-	-	-	2,747	-	2,747	1	2,748
Other comprehensive income for the year	-	-	-	-	(25)	-	-	(25)	-	(25)
Total comprehensive income for the year	-	-	-	-	(25)	2,747	-	2,722	1	2,723
Dividends	-	-	-	-	-	(531)	-	(531)	-	(531)
Share-based payment	-	-	-	-	-	(243)	-	(243)	-	(243)
Purchase of Treasury shares	-	-	(1,000)	-	-	-	-	(1,000)	-	(1,000)
Issue of new shares	1	21	-	-	-	-	-	22	-	22
CLOSING BALANCE AT 30 SEPTEMBER 2019	216	11,496	(1,000)	1,055	(407)	8,127	(3)	19,484	7	19,491

- (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 20.
- (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 37 to 58 form part of these Financial Statements

# Summary of Significant Accounting Policies

### For the year ended 30 September 2019

### 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 vears 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 60 to 65.

### 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 an 'own shares' reserve until such a time as they vest unconditionally with the

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. Noncontrolling shareholders' interest may initially be measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement basis is made on each acquisition individually. Subsequent to acquisition, the carrying amount of noncontrolling 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

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 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. Following the adoption of IFRS 3, costs incurred in connection with acquisitions are recognised in profit and

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

From the 1 October 2018 revenue is recognised in accordance with IFRS 15 which dictates that revenue is recognised when contracted performance obligations are satisfied. 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  $% \left( 1\right) =\left( 1\right) \left( 1$ 



based on time incurred, as the services are delivered in line with the contractual arrangements and represents a continual flow of benefits to the customer.

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.

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

### 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 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

Under IFRS 9, the classification of financial assets is based both on the business model of which the asset is held and the contractual cashflow characteristics of the asset. There are three principal classification categories for financial assets that are debt instruments; (i) amortised cost. (ii) fair value through other comprehensive income (FVTOCI) and (iii) fair value through profit or loss (FVTPL). IFRS 9 has had no effect on the classification of financial instruments held by the Group.

### 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.

### Financial assets at amortised cost

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.

From the 1 October 2018, and following the adoption of IFRS 9, the impairment provisions for trade receivables are now recognised using the "expected credit loss model" and as such the Group has adopted a provisions matrix as a method of calculating expected credit losses on trade receivables under the simplified approach. This new provision matrix has been calculated based on geographical location of the Group's entities and considers historical default rates, projecting this forward taking into account any specific debtors and forecasts relating to local economies. The movement in the expected credit loss provision is reflected within gross profit in the Consolidated Income Statement.

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. Only where there is a significant delay to the new expected cash flows would the Group discount the amounts due

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 LIABILITIES

### Financial liabilities at amortised cost

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

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

25% per annum

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

### **EMPLOYEE BENEFIT TRUST**

Motor Vehicles

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

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.

### STANDARDS ADOPTED FOR THE FIRST TIME

The Group has adopted the following new standards in the current financial year which became effective on 1 October 2018. The detail and impact on the financial statements for these standards are detailed below:

- IFRS 9 Financial Instruments: became 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. Part 1 contains new requirements for the classification and measurement of financial assets and liabilities. Part 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. Part 3 relates to less stringent requirements for general hedge accounting. Management have conducted a review of the new standard and part 1 and 3 have not impacted the Group on Transition. In part 2, under the "expected credit loss", the Group has adopted a simplified model of recognising lifetime expected credit losses to trade receivables. Due to the forward-looking nature of this new standard, which contrasts with that of IAS 39 where provisions are based on an incurred loss. basis, there has been an increase in the provision for trade receivables of £0.95m on transition. This new provision matrix has been calculated based on geographical location of the Group's entities and considers historical default rates, projecting these forward taking into account any specific debtors and forecasts relating to local economies. When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods with the difference on transition being recognised in retained earnings.
- IFRS 15 Revenue from Contracts with Customers: was 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. While this represents significant new guidance, the implementation of this new guidance has not impacted the timing or amount of revenue recognised by the Group. 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 is 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 has not significantly affected business practice and management judgements in respect of revenue recognition.

The Group has not yet adopted the following 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 16 Leases: is effective for periods beginning on or after 1 January 2019 and the Group will transition on 1 October 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. On transition and using a discount rate of 2.85%, there would be an increase in assets and liabilities of approximately £2.6m each. EBITDA would increase by approximately £1.0m made up of an increase in the depreciation charge of £1.0m and an increase in interest charge of approximately £0.05m. If the discount rate of interest was increased to 5.00%, the increase in assets and liabilities would be approximately £2.55m each and EBITDA would increase by £0.9m but with the deprecation charge remaining at approximately £1.0m with an increase in the interest charge to approximately £0.1m. Overall profit will not be materially affected by the new standard. The above figures are based on management adopting the modified retrospective approach but have not yet concluded on the exact approach to use on transition.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Details of the Group's accounting estimates and judgements are included

### Notes to the Financial Statements

### For the year ended 30 September 2019

### **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 remained unchanged from the previous year. These divisions are 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 2019	Europe & Americas £000	Middle East £000	Asia Pacific £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	29,771	19,645	9,070	-	-	58,486
Total inter-segment revenue	47	121	20	(188)	-	-
Total revenue	29,818	19,766	9,090	(188)	-	58,486
Segmental profit/(loss)	3,908	1,446	(363)	-	-	4,991
Unallocated corporate expenses <sup>(1)</sup>	-	-	-	-	(1,902)	(1,902)
Share-based payment charge	-	-	-	-	243	243
Operating profit/(loss)	3,908	1,446	(363)	-	(1,659)	3,332
Finance income	-	-	-	-	44	44
Finance expense	-	-	-	-	(131)	(131)
Profit/(loss) before taxation	3,908	1,446	(363)	-	(1,746)	3,245
Taxation	-	-	-	-	(497)	(497)
Profit/(loss) for the period	3,908	1,446	(363)	-	(2,243)	2,748
OTHER INFORMATION						
Non current assets	3,200	379	129	-	214	3,922
Reportable segment assets	11,707	9,609	3,832	-	6,491	31,639
Capital additions <sup>(2)</sup>	43	190	77	-	28	338
Depreciation and amortisation	99	145	100	-	74	418

(f) Unallocated costs represent Directors' remuneration (the audited Directors' remuneration report can be found on page 24 of these financial statements), 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 2019.

YEAR ENDED 30 SEPTEMBER 2018	Europe & Americas £000	Middle East £000	Asia Pacific £000	Eliminations £000	Unallocated £000	Consolidated £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 <sup>(1)</sup>	-	-	-	-	(2,089)	(2,089)
Share-based payment charge	13	-	-	-	(1,113)	(1,100)
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 <sup>(2)</sup>	68	123	128	-	31	350
Depreciation and amortisation	108	245	114	-	84	551

(1) Unallocated costs represent Directors' remuneration (the audited Directors' remuneration report can be found on page 24 of these financial statements), 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.



### **GEOGRAPHICAL INFORMATION**

EXTERNAL REVENUE BY LOCATION OF CUSTOMERS	2019 £000	2018 £000
UK	16,709	18,553
UAE	9,124	9,979
Oman	6,004	5,836
Singapore	3,608	6,212
Qatar	3,582	3,841
Germany	2,461	3,093
Netherlands	2,294	1,873
France	2,149	1,947
Malaysia	1,812	1,752
Australia	1,559	1,609
Canada	1,298	982
Spain	1,246	707
Saudi Arabia	806	560
United States	771	466
Belgium	570	465
Ireland	533	-
India	518	156
Italy	514	753
Poland	485	163
Kuwait	430	1,843
Russia	365	-
Hong Kong	288	316
Kazakhstan	122	50
Luxembourg	114	-
Austria	97	122
Vietnam	84	324
Algeria	81	211
South Korea	42	151
Other countries	820	651
	58,486	62,615

### **GEOGRAPHICAL INFORMATION OF NON CURRENT ASSETS**

	£000	£000
UK	3,396	3,329
Oman	129	112
UAE	184	129
Singapore	54	76
Qatar	38	37
Malaysia	43	42
Kuwait	28	22
Hong Kong	21	19
Netherlands	10	13
France	3	6
Australia	11	14
Canada	5	4
	3,922	3,803

### **EMPLOYEES**

### STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Wages and salaries	36,993	37,758
Social security costs	1,615	1,545
Other pension costs	1,020	874
Share based payment charges and associated costs	(243)	1,100
	39,385	41,277

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

BY ROLE	2019	2018
Directors	5	6
Fee-earners	301	317
Administration	74	73
	380	396

### KEY MANAGEMENT AND DIRECTORS' REMUNERATION

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

Remuneration	2,898	0.040
	,	2,619
Social security costs	176	215
Short term benefits	4	3
Money purchase pension contributions	95	124
Compensation for loss of office	-	-
	3,173	2,961
Share based compensation (note 17)	(243)	1,113
Total key management compensation	2,930	4,074

Key management consists of the statutory Executive Directors of the Company plus a further 5 (2018: 4) Operational Directors who form part of the Global Management Board.

The Executive Directors' remuneration is shown below:

	2019	2018
	£000	£000
Emoluments	1,092	1,516
Money purchase pension contributions	50	57
Total remuneration	1,142	1,573

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

	2019 £000	2018 £000
Emoluments	456	662
Money purchase pension contributions	40	40
Total remuneration	496	702

The number of Directors to whom retirement benefits are accruing:

	2019	2018
Money purchase pension schemes	2	2



### **4 PROFIT FROM OPERATIONS**

Profit from operations includes the following significant expenses:

	2019 £000	2018 £000
Depreciation and amounts written off property, plant and equipment – owned assets	418	551
Audit services:		
– statutory audit of Parent	10	10
<ul> <li>statutory audit of subsidiaries</li> </ul>	83	79
– audit regulatory reporting – interim review	9	9
Tax services:		
– compliance	16	16
– other services – iXBRL	5	5
Operating lease rentals – land and buildings	1,736	1,496
Operating lease rentals – other leases	118	102
Exchange (gain)/loss	(61)	27

### **5 DIVIDENDS**

	2019 £000	2018 £000
The aggregate amount of equity dividends comprises:		
Final dividend paid in respect of prior year	270	-
Interim dividend in respect of the current year (paid 31 October 2019)	261	-
Aggregate amount of dividends paid in the financial year		-
Equity dividends proposed for approval at Annual General Meeting (not recognised at year end)		
Final dividend for 2019: 0.75p (2018: 0.5p)	392	270

Equity dividends are payable to all the registered shareholders other than the Driver Group Employee Benefit Trust and those held in treasury.

### **6 FINANCE EXPENSE**

	2019 £000	2018 £000
Bank interest	131	143
Finance lease interest	-	5
	131	148

### **7 TAXATION**

**ANALYSIS OF THE TAX CHARGE** 

The tax charge on the profit for the year is as follows:

	2019 £000	2018 £000
Current tax:		
UK corporation tax on profit for the year	165	-
Non-UK corporation tax	568	636
Adjustments to the prior period estimates	(37)	69
	696	705
Deferred tax:		
Origination and reversal of temporary difference (note 16)	(199)	(138)
Tax charge for the year	497	567

### **FACTORS AFFECTING THE TAX CHARGE**

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

	2019 £000	2018 £000
Profit before tax	3,245	2,739
Expected tax charge based on the standard average rate of corporation tax in the UK of 19% (2018: 19%)	617	521
Effects of:		
Expenses not deductible	(24)	322
Deferred tax – other differences	(199)	(138)
Foreign tax rate differences	206	(66)
Adjustment to prior period estimates	(37)	69
Utilisation of losses	(168)	(60)
Share options exercised	(11)	(17)
Unprovided losses	113	(64)
Tax charge for the year	497	567

### **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

### 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 profit for the financial period was £1,536,000 (2018: loss of £729,000). The Company has elected to prepare the Parent Company Financial Statements in accordance with FRS 102.

### 9 EARNINGS PER SHARE

	2019 £000	2018 £000
Profit for the financial year attributable to equity shareholders	2,747	2,169
Share-based payment charges and associated costs (note 17)	(243)	1,100
Profit for the year before share-based payments	2,504	3,269
Weighted average number of shares:		
- Ordinary shares in issue	53,942,035	53,862,868
- Shares held by EBT	(3,677)	(108,052)
- Treasury shares	(619,223)	-
Basic weighted average number of shares	53,319,135	53,754,816
Effect of Employee share options	3,462,087	2,762,696
Diluted weighted average number of shares	56,781,222	56,517,512
Basic earnings per share	5.2p	4.0p
Diluted earnings per share	4.8p	3.8p
Adjusted continuing basic earnings per share before share-based payments	4.7p	6.1p
	· · · · · · · · · · · · · · · · · · ·	



### 10 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
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
COST				
At 1 October 2018	1,437	1,738	362	3,537
Additions	190	148	-	338
Foreign exchange movement	40	23	22	85
At 30 September 2019	1,667	1,909	384	3,960
DEPRECIATION				
At 1 October 2018	1,120	1,311	341	2,772
Charge for year	176	219	23	418
Foreign exchange movement	37	28	20	85
At 30 September 2019	1,333	1,558	384	3,275
NET BOOK VALUE				
At 30 September 2019	334	351	-	685
At 30 September 2018	317	427	21	765

Included in Motor Vehicles are assets that were held under finance leases during the year but that have now been settled. These have a net book value of £Nil (2018: £21,000) and a depreciation charge of £Nil (2018: £84,000).

### 11 GOODWILL

	0003
COST	
At 1 October 2018	2,969
At 30 September 2019	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 by more than 11% or revenues need to decrease in excess of 16% for the Driver Project Services CGU to
- 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:

	2019 £000	2018 £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	Percenta ordinary share	
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 Consult Qatar LLC	Qatar	Construction consultancy services	49%	(2)
Trett Holdings Ltd	England and Wales	Construction consultancy services	100%	
Trett Ltd	<b>England and Wales</b>	Construction consultancy services	100%	
Driver Trett (Hong Kong) Ltd	Hong Kong	Construction consultancy services	100%	
Driver Trett (Singapore) Pte. Ltd	Singapore	Construction consultancy services	100%	
Trett Consulting B.V.	Netherlands	Construction consultancy services	100%	
Trett Contract Services Ltd	<b>England and Wales</b>	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%	(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%	(4)
Diales Ltd	England and Wales	Dormant	100%	

<sup>\*</sup> 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) Driver Trett Canada is a joint operation with MHPM Partners Limited to provide consultancy services. This operation had a profit of £23,000 (2018 loss: £17,000) to net margin during the financial period.
- (4) 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 2019 the assets of the Trust comprised 3,677 (2018: 3,677) of the Company's own shares with a nominal value of £15 (2018: £15) and a market value of £1,930 (2018: £2,997). 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.



### 12 TRADE AND OTHER RECEIVABLES

	2019 £000	
Trade receivables	16,371	17,807
Other receivables	1,384	1,094
Prepayments	1,478	1,452
Accrued income	956	92
	20,189	20,445

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 £744,000 (2018: £561,000) due after 1 year.

As at 30 September 2019 trade receivables past due and net of provision were £7,347,000 (2018: £7,907,000). The ageing analysis of trade receivables is as follows:

	Debt age – "days overdue"					
30 September 2019	Current (not yet overdue) £000	0-30 days £000	31-60 days £000	Over 60 days £000	Total £000	
Gross Trade receivables	9,024	2,988	1,474	5,269	18,755	
Expected credit loss provision	-	-	(15)	(2,369)	(2,384)	
Trade Receivables	9,024	2,988	1,459	2,900	16,371	
Expected credit loss %	0%	0%	1%	45%	12.7%	
30 September 2018						
Trade receivables						
Value (£'000)	9,900	2,685	1,639	3,583	17,807	
%	56%	15%	9%	20%	100%	

As at 30 September 2019 the Group has an impairment allowance against trade receivables of £2,384,000 (2018: £2,046,000). From the 1 October 2018, and following the adoption of IFRS 9, the impairment provisions for trade receivables are now recognised using the "expected credit loss model" and the Group has adopted a simplified model to recognise lifetime expected credit losses to trade receivables. Due to the forward looking nature of this standard in comparison to the previous incurred loss, this increased the provision required on transition by £0.95m. This new provision matrix has been calculated based on geographical location of the Group's entities and considers historical default rates, projecting this forward taking into account any specific debtors and forecasts relating to local economies.

An analysis of the Group's trade and other receivables classified as financial assets by currency is provided in note 19.

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

	2019 £000	2018 £000
At the beginning of the year	2,046	2,109
Accounting policy change - IFRS 9	953	-
(Decrease)/increase during the year	(401)	793
Receivables written off during the year as uncollectible	(214)	(856)
At the end of the year	2,384	2,046

The movement in the impairment allowance for trade receivables is shown on the Consolidated Income Statement for the current year. For the prior year it was included in the administrative expenses line on the Consolidated Income Statement.

### 13 TRADE AND OTHER PAYABLES

	2019 £000	2018 £000
Trade payables	2,415	2,824
Social security and other taxes	1,185	1,119
Other payables	3,083	2,868
Accrued expenses	2,514	3,812
	9,197	10,623

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

### 14 BORROWINGS

An analysis of the maturity of loans is given below:

	2019 £000	2018 £000
Current:		
Bank loan and overdraft	2,125	625
Finance lease	-	21
	2,125	646
Non-current falling due between one and two years:		
Bank loan	-	2,460
	-	2,460

The carrying value of liabilities is a reasonable approximation of the fair value. As at 30 September 2019 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 2019 the Company had access to cash balances of £7,526,000 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.

The Group have agreed credit terms with their lenders for a replacement revolving credit facility of £3.0m for a period of 3 years, which although not required for the foreseeable future will be a replacement for the existing facility.

### 15 CASH AND CASH EQUIVALENTS

	2010	2040
	2019	2018
	0003	£000
Cash at bank	7,526	10,007

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.

### 16 DEFERRED TAXATION

Deferred tax has been calculated at 17% (2018: 17%) based on expected future tax rates in jurisdictions where the deferred tax is expected to reverse.

### **DEFERRED TAX LIABILITY**

	2019 £000	2018 £000
At the beginning of the year	-	127
Credit for the year recognised in the Income Statement	-	(127)
Temporary differences on property credited to the Income Statement	-	-
At the end of the year	-	-

### DEFERRED TAX ASSET

	2019 £000	2018 £000
At the beginning of the year	69	58
Credit for the year recognised in the Income Statement	199	11
At the end of the year	268	69



The elements of the deferred tax balances are as follows:

		Assets		
	2019 £000	2018 £000	2019 £000	2018 £000
Temporary differences on property	-	-	-	(127)
Capital allowances difference to depreciation	-	-	-	127
Other short term temporary differences	268	69	-	-
	268	69	-	-

The Group had taxable losses of £7,502,000 (2018 losses: £7,392,000) 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.

### 17 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	Class	Nominal Value	2019 £000	2018 £000
53,962,868	Ordinary	0.4p	216	215
Ordinary shares of 0.4p each	2019 Number	2019 £000	2018 Number	2018 £000
At beginning of the year	53,862,868	215	53,862,868	215
Issued during the year	100,000	1	-	-
At end of the year	53.962.868	216	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 100,000 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 were exercisable at 30 September 2018, of which 80,000 of these shares are in relation to the additional performance options. 300,000 of these shares lapsed during the year and none have been exercised.

During 2018 £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 that year. The remaining options are conditional on profit targets. At 30 September 2018, 416,672 of the options conditional on profit targets were exercisable including 66,672 in relation to the further performance options. 350,000 of these shares lapsed during the year and none have been exercised.

At 30 September 2019 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 6 employees (2018: 7):

Year of grant	Vesting period	Exercise price per 0.4p share (pence)	2019 Number	2018 Number
2011	23-01-2011 to 01-10-2014	21.5p	100,000	200,000
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
2017	29-01-2018 to 01-10-2018	Nilp	50,000	50,000
	29-01-2018 to 01-10-2019	Nilp		50,000
	29-01-2018 to 01-10-2020	Nilp	50,000	50,000
	22-02-2018 to 22-02-2018	Nilp	200,000	200,000
	22-02-2018 to 01-10-2018	Nilp	250,000	300,000
	22-02-2018 to 22-02-2019	Nilp	50,000	50,000
	22-02-2018 to 01-10-2019	Nilp	50,000	300,000
	22-02-2018 to 01-10-2020	Nilp	600,000	600,000
	22-02-2018 to 01-10-2021	Nilp	300,000	300,000
	30-09-2018 to 01-10-2018	Nilp	146,672	146,672
			2,796,672	3,546,672

		2019		2018
	Options	Weighted average exercise price per share (pence)	Options	Weighted average exercise price per share (pence)
Outstanding at 1 October	3,546,672	1	2,465,000	7p
Granted during the year	-	-	2,046,672	Nilp
Forfeited during the year	-	-	(810,000)	Nilp
Lapsed during the year	(650,000)	-	-	-
Exercised during the year	(100,000)	-	(155,000)	NIIp
Outstanding at 30 September	2,796,672	1	3,546,672	1p
Exercisable at 30 September	1,846,672	1.2	1,946,672	2.3p

The options outstanding at 30 September 2019 had an exercise price between nil p and 21.5p and a weighted average remaining contractual life of 7.32 years. The Group recognised a credit of £243,000 (2018: charge £1,100,000) 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.

### 18 LEASES

### **FINANCE LEASES**

The Group entered into a lease for motor vehicles which was classified as a finance lease due to the nature of the risks and rewards of ownership. This finance lease ended during the year. The net carrying value of these assets at 30 September 2019 was £Nil (2018: £21,000).

Future lease payments are due as follows:

	payments 2019 £000	2019 £000
Not later than one year		-
The present values of future lease payments are analysed as:		
	2019 £000	2018 £000
Current liabilities		21
Non-current liabilities	-	
	-	21

Minimum lease



### **OPERATING LEASE – LESSEE**

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

		2019		2018
	Land and buildings £000	Other Leases £000	Land and buildings £000	Other Leases £000
Due:				
Not later than one year	1,360	91	1,322	125
Later than one year and not later than five years	1,417	91	1,761	110
Later than five years	265	-	475	-
	3,042	182	3,558	235

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:

	2019 £000	2018 £000
Not later than one year	145	139
Later than one year and not later than five years	327	35
	472	174

### 19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments held by the Group, as detailed in this note, are classified as 'Financial Assets Measured at Amortised Cost' (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		Financial assets at	
	2019 £000	2018 £000	2019 £000	2018 £000
FINANCIAL ASSETS				
Cash and cash equivalents	-	-	7,526	10,007
Trade and other receivables	-	-	18,711	18,993
Derivative financial assets	2	42	-	-
TOTAL FINANCIAL ASSETS	2	42	26,237	29,000

	Financial liabilities at fair value through income statement		Financial liabilities at	
	2019 £000	2018 £000	2019 £000	2018 £000
FINANCIAL LIABILITIES				
Trade and other payables		-	8,011	9,504
Loans and borrowings	-	-	2,125	3,106
Derivative financial liabilities	398	639	-	-
TOTAL FINANCIAL LIABILITIES	398	639	10,136	12,610

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 undrawn committed facilities in respect of which all conditions precedent had been met:

	2019 £000	2018 £000
Undrawn borrowing facilities at 30 September	3,000	3,000
Cash and cash equivalents	7,526	10,007
Available funds	10,526	13,007

### 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 2019	Due within 1 year £000	Due between 1 and 5 years £000	Total £000
Non-derivative financial liabilities			
Bank loans and overdrafts	2,125	-	2,125
Finance lease creditor	-	-	-
Trade and other payables	8,011	-	8,011
Total	10,136	-	10,136

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

As at 30 September 2019 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 2019 the Company had access to cash balances of  $\pounds 7,526,000$  in addition to the unutilised revolving credit facility of  $\pounds 3,000,000$ . 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:

	2019 £000	
Asset	2	42
Liability	(398)	(639)
	(396)	(597)

The balances are all current with assets of £2,000 (2018: £42,000) and liabilities of £398,000 (2018: £639,000). The Group's exposure to foreign currency net assets / (liabilities) is summarised as follows:

FINANCIAL ASSETS 2019	Cash and cash equivalents £000	Trade and other receivables £000
GBP	5,884	5,149
EUR	715	1,553
CAD	49	555
AED	325	2,934
OMR	181	3,778
KWD	3	449
USD	71	1,138
QAR	65	898
SGD	101	1,286
MYR	65	658
HKD	19	19
AUD	48	294
Total	7,526	18,711

FINANCIAL LIABILITIES 2019	Trade and other payables £000	Loans and borrowings £000
GBP	2,683	2,125
EUR	586	-
CAD	366	-
AED	2,219	-
OMR	949	-
KWD	176	-
USD	94	-
QAR	472	-
SGD	140	-
MYR	169	-
HKD	25	-
AUD	132	
Total	8,011	2,125

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

The Group earns Euro revenues in Europe and also generates local currency revenues and costs in the USA, South Africa, 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, South African Rand, 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

	Incom	e statement	Equity	
% change in Sterling relative to:	10% £000	20% £000	10% £000	20% £000
Sterling strengthens relative to Euro	(155)	(285)	(116)	(214)
Sterling weakens relative to Euro	190	427	142	320
Sterling strengthens relative to US Dollar	(304)	(557)	(205)	(375)
Sterling weakens relative to US Dollar	371	836	249	562
Sterling strengthens relative to Malaysian Ringgit	(25)	(46)	(18)	(34)
Sterling weakens relative to Malaysian Ringgit	31	69	24	52
Sterling strengthens relative to Singapore Dollar	173	317	143	263
Sterling weakens relative to Singapore Dollar	(211)	(476)	(176)	(396)
Sterling strengthens relative to Australian Dollar	56	103	39	72
Sterling weakens relative to Australian Dollar	(69)	(155)	(48)	(109)
Sterling strengthens relative to Hong Kong Dollar	16	30	13	25
Sterling weakens relative to Hong Kong Dollar	(20)	(45)	(17)	(38)
Sterling strengthens relative to Canadian Dollar	(10)	(17)	(7)	(12)
Sterling weakens relative to Canadian Dollar	12	26	9	19
Sterling strengthens relative to Kuwaiti Dinar	20	37	17	32
Sterling weakens relative to Kuwaiti Dinar	(25)	(56)	(21)	(47)

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 2019	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	7,526	-	7,526
Trade and other receivables	-	-	18,711	18,711
Derivative financial instrument – asset	-	-	2	2
Trade and other payables	-	-	(8,011)	(8,011)
Derivative financial instrument – liability	-	-	(398)	(398)
Bank loans and overdrafts	-	(2,125)	-	(2,125)
Finance lease creditor	-	-	-	-
	-	5,401	10,304	15,705



30 SEPTEMBER 2018	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
	2000		2000	
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

Interest rates on bank loans are disclosed in note 14

### 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	2019 £000
1% increase in base rate of interest	(8)
2% increase in base rate of interest	(17)

### (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. Following the implementation of IFRS 9, management have adopted a simplified model for recognising lifetime expected credit losses against trade receivables. This new provision matrix has been calculated based on geographical location of the Group's entities and considers historical default rates, projecting these forward taking into account any specific debtors and forecasts relating to local economies. The ageing profile of the Group's debtors is disclosed in note 12.

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 20). 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).

### 20 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.

### **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 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 2019 was 3,677 (2018: 3,677).

### TREASURY SHARES

Treasury shares are held as a deduction from equity and are held at cost price.

### 21 RELATED PARTY TRANSACTIONS

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

### 22 MAJOR SHAREHOLDERS

The major shareholders (more than 3%) as at 30 September 2019 are:

	Number of
	Shares
	30 September
	2019
Sanford DeLand Asset Management	8,100,000
Gresham House	7,865,805
Mr Adrian J Williams	3,866,167
Ruffer	3,490,000
Allianz Global Investors	3,400,000
River & Mercantil Asset Management	3,053,172
Soros Fund Management	2,329,472
Mr John P Mullen	2,079,778
The Ramsey Partnership Fund Ltd	2,042,801
Close Asset Management	1,677,658
Unicorn Asset Management	1,626,936

### 23 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.

### **FINANCIAL STATEMENTS**

### Notes to the Financial Statements (continued)

### 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 the expected credit loss within IFRS 9. This is calculated using a simplified model of recognising lifetime expected losses based on geographical location of the Group's entities and considers historical default rates, projecting these forward taking into account any specific debtors and forecasts relating to local economies. At the Statement of Financial Position date a £2,384,000 (2018: £2,046,000) provision was required. If management's 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

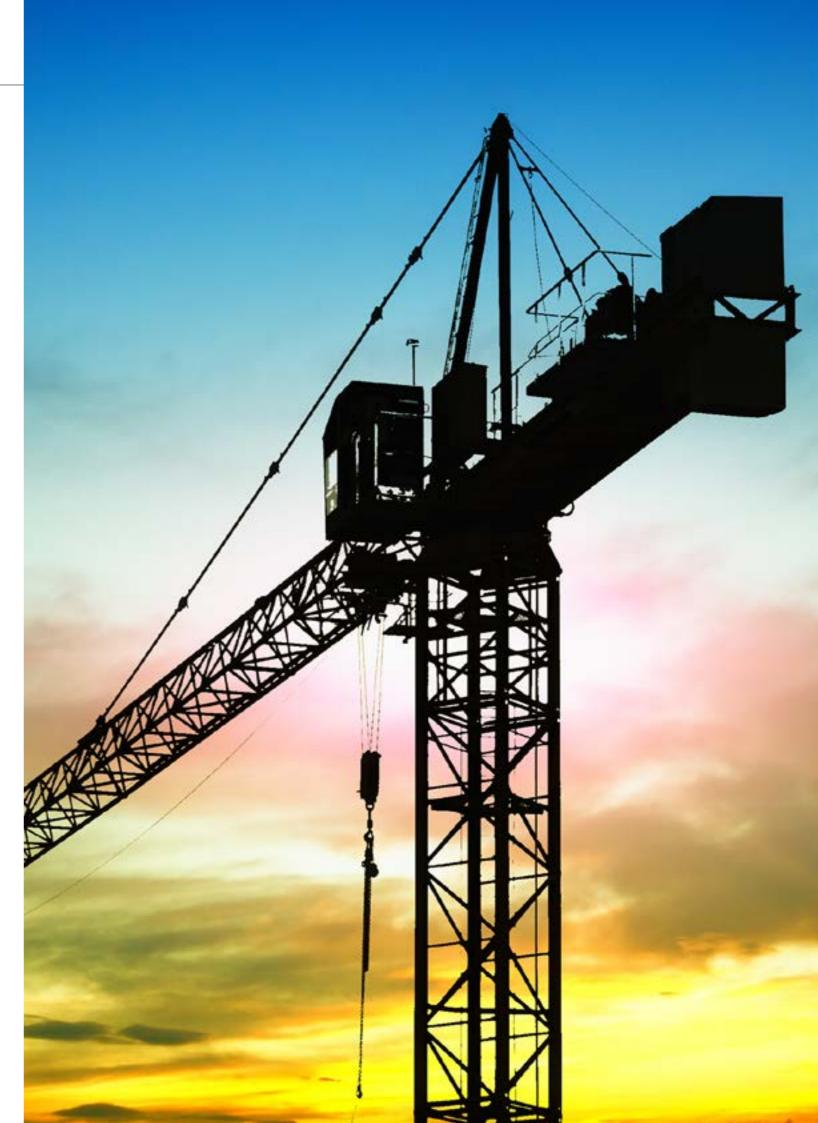
Where the Group enters into a formal fixed fee arrangement revenue is recognised by reference to the stage of completion of the project. The stage of completion will be estimated by the Group's management based on the Project Manager's assessment of the contract terms, the time incurred and the performance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

### 24 POST BALANCE SHEET EVENTS

There have been no significant events requiring disclosure since 30 September 2019.

### **25 SUBSIDIARY COMPANY DETAILS**

20 CODOIDIAITI COIIII AITI DETAI		
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.: 11A, Tamouh Tower, Al Reem Island, P.O. 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	Unit E, 14/F., Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong	725638
Driver Trett (Singapore) Pte. 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	Unit 2A-6-1, Block 2A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 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 2019

			2019		2018
COMPANY NUMBER: 3475146	Notes	£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	27		104		150
Investments	28		8,085		8,167
Deferred Tax	32		111		-
			8,300		8,317
CURRENT ASSETS					
Debtors	29	6,343		5,463	
Cash and cash equivalents		4,134		6,106	
		10,477		11,569	
CREDITORS					
Amounts falling due within one year	30	(3,050)		(1,483)	
NET CURRENT ASSETS			7,427		10,086
TOTAL ASSETS LESS CURRENT LIABILITIES			15,727		18,403
CREDITORS					
Amounts falling due after more than one year	31		-		(2,460)
NET ASSETS			15,727		15,943
CAPITAL RESERVES					
Called up share capital	33		216		215
Share premium	34		11,496		11,475
Treasury Shares	34		(1,000)		-
Capital redemption reserve	34		18		18
Retained earnings	34		5,000		4,238
Own shares	35		(3)		(3)
SHAREHOLDERS' FUNDS			15,727		15,943

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 profit for the year was £1,536,000 (2018: loss of £729,000).

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

### David Kilgour

Chief Financial Officer
9 December 2019

The notes on pages 61 to 65 form part of the Financial Statements

# Statement of Changes in Equity - Company

### For the year ended 30 September 2019

	Share capital £000	Share premium £000	Treasury Shares £000	Revaluation reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total equity £000
OPENING BALANCE AT 1 OCTOBER 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
Profit for the year	-	-	-	-	-	1,536	-	1,536
Total comprehensive income for the year	-	-	-	-	-	1,536	-	1,536
Share-based payment costs/(credit)	-	-	-	-	-	(161)	-	(161)
Investment in subsidiary – Share options	-	-	-	-	-	(82)	-	(82)
Issue of share capital	1	21	-	-	-	-	-	22
Dividend	-	-	-	-	-	(531)	-	(531)
Purchase of Treasury shares	-	-	(1,000)	-	-	-	-	(1,000)
CLOSING BALANCE AT 30 SEPTEMBER 2019	216	11,496	(1,000)	-	18	5,000	(3)	15,727

### **26 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.

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.



### **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 17. 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, 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.

### **27 TANGIBLE FIXED ASSETS**

	Fixtures and fittings £000	Computer equipment £000	Total
COST OR VALUATION			
At 1 October 2018	256	671	927
Additions	6	22	28
Disposals	-	-	-
At 30 September 2019	262	693	955
DEPRECIATION			
At 1 October 2018	237	540	777
Charge for year	6	68	74
Disposals	-	-	-
At 30 September 2019	243	608	851
NET BOOK VALUE		,	
At 30 September 2019	19	85	104
At 30 September 2018	19	131	150

The company's registered office at St Crispin Way was mixed use and was sold in 2017 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.

### **28 FIXED ASSET INVESTMENTS**

	Shares in Group Undertakings £000
COST	
At 1 October 2018	8,167
Capital divestment	(82)
Disposal	-
At 30 September 2018	8,085
NET BOOK VALUE	
At 30 September 2019	8,085
At 30 September 2018	8,167

The capital divestment in the year relates to share options of £0.1m (2018: Investment £0.4m).

The list of subsidiaries that the company has a direct and indirect interest in can be found in note 11 of the Consolidated Financial Statements.

### **29 DEBTORS**

Amounts falling due within one year:

	2019 £000	2018 £000
Trade debtors	-	13
Amounts owed by Group undertakings	6,195	5,103
Prepayments and accrued income	148	347
	6,343	5,463



### **30 CREDITORS**

Amounts falling due within one year:

	2019 £000	2018 £000
Trade creditors	151	296
Bank loans and overdrafts	2,125	625
Social security and other taxes	7	27
Accrued expenses	767	535
	3,050	1,483

Amounts falling due after more than one year:

	2019 £000	2018 £000
Bank loan (note 34)	-	2,460
		2 460

### 31 BANK LOAN AND OVERDRAFTS

An analysis of the maturity of loans is given below:

	2019 £000	2018 £000
Amounts falling due within one year or on demand:		
Bank loans and overdrafts	2,125	625
	2,125	625
Amounts falling due between one and two years:		
Bank loan	-	2,460
Amount falling due between two and five years:		
Bank loan	-	-
	-	2,460

As at 30 September 2019 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 2019 the Company had access to cash balances of £7,526,000 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.

### **32 DEFERRED TAX**

Doforrod tay liability

			2019 £000	2018 £000
At the beginning of the year			-	39
Credit for the year recognised in Other Comprehensive Income in relation to property			-	(39)
At the end of the year			-	-
Deferred tax asset			2019 £000	2018 £000
At the beginning of the year			-	-
Credit for the year recognised in the Income Statement for deferred tax relating to share options			111	-
At the end of the year			111	-
The elements of the deferred tax balances are as follows:				
		Assets		Liabilities
	2019 £000	2018 £000	2019 £000	2018 £000

111 111

### **33 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number	Class	Nominal Value	2019 £000	2018 £000
53,962,868	Ordinary	0.4p	216	215
Ordinary shares of 0.4p each	2019 Number	2019 £000	2018 Number	2018 £000
At beginning of the year	53,862,868	215	53,862,868	215
Issued during the year	100,000	1	-	-
At end of the year	53,962,868	216	53,862,868	215

Information relating to the Company's share option scheme is detailed in note 17 of the Consolidated Group Accounts.

### **34 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.

TREASURY SHARES

Treasury shares are held as a deduction from equity and are held at cost price.

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.

### **35 OWN SHARES**

	2000
At 1 October 2018	3
At 30 September 2019	3

### 36 COMMITMENTS

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

	Land	Land and buildings	
	2019	2018	
	£000	£000	
Due			
Not later than one year	564	541	
Later than one year and not later than five years	908	1,234	
Later than five years	265	475	
	1,737	2 250	

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 £353,000 (2018: £330,000) and due later than one year and not later than five years £68,000 (2018: £394,000).

### 37 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.

### 38 POST BALANCE SHEET EVENTS

There have been no significant events requiring disclosure since 30 September 2019.

Deferred tax relating to share options



### **Registered Office:**

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