Pegasus Group was established in 2003 and has grown to become a leading independent, national planning and environmental consultancy. Our Planning, Design, Environment and Economics teams specialise in every aspect of the planning process, ensuring optimal results for our clients.

We have more than 250 professionals operating nationally from 11 offices in 10 locations throughout the UK, Pegasus prides itself in providing a service that is second to none. By employing specialists we can ensure optimal results and outstanding service. With an acute understanding of the changing nature of planning policy at local and national level, we can inform and advise clients on the implications of emerging planning and environmental planning policy and offer the most informed and sustainable solutions.

Our reputation makes us leaders in our field and our commitment, passion and expertise is entirely client focused to ensure the best possible service.
Our Results

In last year’s report, I explained the impact on our results for the period 2015/16 caused by the government reducing its support in respect of renewables. Our profit was down by 20% then.

We have since then seen an improvement in the position, with both an increase in profit and revenue.

We achieved an operating profit of £3.926m which, whilst still below our performance in 2014/15 was an improvement of some 5.6% on 2015/16. Revenue also improved from £21.5m to £22.95m. Taking account of the annual amortisation of goodwill of £1.25m the profit figure would have been £5.17m and as a percentage of revenue would have been 22.5%. This remains a strong result given the trading difficulties, including increasing costs, that the uncertainties over Brexit have caused.

The Groups results for the year to 30th June 2017 are set out above in summary form.

These results show that the Group has maintained a steady level of turnover building on our diversification programme both in new sectors and expanding into new offices.
Managing Director’s Statement

Our Business

The unexpected vote to leave the European Union has had a significant effect on business across the country creating immense uncertainties as to what will happen over the next few years.

This has been evident by reduced levels of economic growth, a reduced rate of consumer spending, particularly on large ticket items, including cars and housing, increasing inflation due in part to volatility on the exchanges and also concerns in the construction industry as a whole.

As a company, we had in place a five year business plan. We needed to ensure that this business plan was still fit for purpose, so we prepared a report on the potential impacts of Brexit and considered a number of potential outcomes. The outcome we determined to utilise in our strategy moving forward, was based on an expectation that economic growth would reduce over the next few years with the potential to move into recession at the time we actually leave the EU.

In the year since we prepared that report our forecasts have proved to be quite accurate, although we are now coming to the view that recession may be avoided, as economic growth remains flat due to the uncertainty of the situation over the next few years and large changes that may bring about recession may not now become evident.

Our response to the likely future position was to ensure that we could protect our business if a recession were to occur and also to ensure we dealt with potentially reducing fees in a tight fiscal market. Our strategy therefore was and is to diversify and expand our business to ensure we are not over exposed to any one sector, area of business or client.

I am very pleased as part of this strategy, therefore, to be able to report that we have now opened our 11th office in Birmingham city centre, which complements our existing Birmingham office in Sutton Coldfield. This will allow us to give better service to our commercial clients, particularly those in the automotive sector and to bring in new streams of work that we are currently investigating.

Our heritage department is moving from strength to strength across the company, we are continuing its expansion and is contributing revenue above the level we expected. We are seeing good growth in the Economics sector. We also have new ventures that we have started in both transportation and also property, that we are seeking to build on significantly over the next few years.

The government appear committed to rebalancing the economy and to encourage economic growth further to the north. We are seeing a rapidly increasing demand for all our services in the north of England and we are investing further to capitalise on the demand we are currently experiencing and which we consider we will continue to see into the future.

Into Scotland we have proposals to establish ourselves in that country and we are still looking at other office possibilities, including the potential for an office in Dublin. With Brexit, this may well become very important if we wish to develop our brand internationally and also into Europe.

Outside of this country we are seeking to grow our international work and are well advanced with discussions which may well enable us to work in China.

Our success has been built on our determination not to stand still but to continue the growth of the business in order to try and drive revenues up.

As I reported last year having just one profit centre and not individual office profit centres has been a major part of our success to date. Cross selling across offices is a major reason for our growth countrywide.

We remain committed to investing and rewarding competitively a strong workforce to enable the company to continue its growth into the future.
Planning

The foundations of the company were built on our planning expertise, and the sector remains the largest within the Group. It is also still a sector we are looking to expand further in accordance with our diversification strategy.

Consultation work remains an important element of our work and we have now also sought to significantly improve our resources in order to deal with work we have from both minerals and waste.

Finally, the combination of our planning services with the other services we offer is a key element in being able to present a convincing and coherent case for the very wide range of development proposals we deal with.

Planning

Our commercial work for large industrial companies (particularly in the automotive sector), developers, leisure operators, motorway service operators, etc continues to grow across the country. We act for theme parks, hotel development, mixed use schemes and caravan sites up and down the country. In addition we have secured planning permission for a number of significant energy from waste schemes recently. Telecommunications planning work continues to be a strong part of our overall offer.

We believe the UK needs a coherent energy strategy, but despite the lack of such a strategy we are increasingly involved in all aspects of new energy production schemes across the country. Work in respect of solar and wind energy has improved since the problems of last year and we are also looking at other areas of energy generation including a significant element of battery storage proposals.

Our heritage department moves from strength to strength. We act in respect of all aspects of the built environment both in with regards to listed buildings and conservation areas, as well as archaeological aspects. We are recommended by barristers to provide heritage witness work across the country. We have substantially increased our resources and are becoming a major provider of advice in this area.

Retail planning is also an important focus of the work we undertake. We are particularly active in respect of convenience / bulky goods retailing as well as asset management of larger shopping centres and portfolios. The whole retail sector is changing significantly as society changes its shopping and spending patterns. We have assisted all our clients in dealing with the challenges their changes have created. These challenges affect not just our traditional convenience store operators but also our restaurant and hot food clients who are responding to the restraint in consumer demand caused by the current concerns regarding the future of the economy.

We have substantially increased our resources and are becoming a major provider of advice in this area.
Managing Director’s Statement

Design

Our design team has an enviable reputation throughout the housebuilding industry for both quality and reliability. Our design office in Leeds has continued its expansion, and is now working across the whole of northern England. We now have a design office operating directly out of Bristol which has brought an expansion of this work in the south west. We seek to continue to expand the design offices in both the East Midlands and Birmingham. Cirencester has continued to provide an excellent base for this work in the south of England. All our design offices work as one element across the whole company achieving a remarkable degree of cooperation which benefits all our clients.

Our design work, not only incorporates large masterplan and individual detailed layout plans but also now architecture in respect of designing all manner of buildings. This part of the company also continues to win awards for the quality of its work.

Looking forward, it is considered we still have further opportunities to expand this sector still further, particularly around Scotland, London and the South East generally.

Environment

After the challenges of last year, our Environment team has worked hard to rebuild the renewable work that is still available, as well as continue to focus on, and further grow and develop our more traditional areas of landscape and visual assessment and also landscape design for a number of our housebuilding and commercial clients.

Again, we provide evidence on all aspects at a large number of planning appeals and we have a market leading reputation in the industry in respect of our expert witness work. We are seeking to further enhance this reputation with the extended provision of our own in-house 3D visual work for assessment purposes, including Visually Verified Montages.

Allied to this, environment work is now active across a number of additional sectors including, education; healthcare and extra care; estate management; urban public realm; sport and leisure. In all these areas we are seeing a diverse range of challenging and exciting design opportunities, often in collaboration with high profile architectural practices.

We are now well on the way to bringing the sector back to full profitability and as part of this we have started to expand potential opportunities for doing this outside of the country, in particular with opportunities in the Middle and Far East.

Economics

Our Economics team has continued to expand over the last year. We are seeking to continue this expansion over the next year.

The areas of work we deal with include retail impact work, which is well regarded. We also have a growing reputation for our demographic work both relating to the calculation of objectively assessed needs for housing and the expert witness work.

In addition, we have seen an increasing requirement for economic analysis to support the case for assisted living and extra care schemes, while demand has also been growing for the need to show how student accommodation schemes can bring significant economic benefits to an area.

The requirement for detailed Economic Impact Assessments arising from development is continuing to grow and we perceive requirements to do even more detailed economic assessment work and indeed financial viability work into the future. The Group is committed to invest further into this sector to take advantage of the opportunities that exist across the country.
Our Objectives

The objectives of the Group remain as they were when the company was founded. We aim to deliver a first class service for our clients and create lasting and mutually beneficial commercial relationships. We look to achieve strong financial results by building our turnover both in existing and new areas and seeking to increase profitability in all areas. We also seek to maintain our loyal workforce and continue to offer the potential for equity in the company.

Health and Safety

Health and Safety remains a central part of the way the business operates, we seek to ensure that all our employees act in accordance with best practice and the requirements of legislation.

We have a group Health and Safety Manager to ensure that we properly deal with this area and to promote the importance of a safe working environment.
Managing Director’s Statement

Outlook

With the continuing uncertainties revolving around Brexit it is difficult to predict with any certainty the future economic conditions that we will be trading in over the next few years.

We remain in the EU in the short term and this brings some stability to the position. Future economic conditions depend to a great extent on the deal that can be done with the EU. It is though clear that we need a good trade deal with the EU and we still need access to the European labour market to assist us in building our economy. Significant restrictions in the ability of development companies to obtain necessary workforce will inevitably impact on the ability for construction schemes and particularly housebuilding, to be built on time. It could also adversely impact on the economic fortunes of the United Kingdom.

The board, having reassessed our business plan in the light of Brexit are of the view that it would be prudent to plan for low levels of economic growth into the future, below that the country has been used to achieving. To date the board has been proven right about this conclusion.

As a result we are also seeking to increase revenues through our fees and this year we are increasing our headline fee rates for the first time in four years. We are also looking towards working in more profitable areas.

As with last year, beyond the risks of Brexit, our main risks remain competition from other consultancies, employee retention and changes to the building and construction industry. Our diversification strategy will allow us to remain competitive without losing profitability. We also seek to ensure our employees enjoy a competitive pay and benefits package.

Over the next year with our strategy in place we consider the opportunities for the company will continue to grow bringing in new work streams and the outlook therefore for this year remains positive.

Lastly, I would like to thank our very loyal and hardworking employees who underpin the success of Pegasus and will I am sure help us towards another good year this year.

Tony Bateman
It is again my pleasure to endorse another successful year for Pegasus Group. To offset the risks associated with the uncertainty surrounding Brexit the Company has continued the programme of diversification initiated in 2016. We have also been careful to manage and control cost increases for the coming year.

Throughout the UK our diversification and leading reputation and successful relationships with the widest Client base has led to further improved performance in our Planning and Design sectors and a significant return in our Environment sector. I am certain that our Economics sector will grow exponentially in the future.

We have delivered an operating profit of £3.926m and as explained by our MD, taking account of our annual amortisation of goodwill this represents a profit of £5.17m.

In 2018 Pegasus will celebrate our 15th year of trading. The Group now employs in excess of 250 people and operates from 11 offices. We are actively pursuing further expansion initiatives which will be announced during the year.

At Pegasus we have established over many years a management structure which seeks to combine the benefits of flexibility and rapid response available to a private Company with the discipline to which a fully listed Company would adhere.

We have also prepared a carefully conceived strategy for succession in the management of the business. We have a solid foundation with a team of outstanding abilities.

I have been honoured to act as Chairman of Pegasus throughout our history and it is now time to move aside. From 2018 Jim Tarzey will take over as Chairman with my full support and I am entirely certain that the Company will continue to thrive under Jim’s energetic guidance. I am also delighted that Tony Bateman will continue as MD and Samantha Kerby as FD well into the future.

It only remains for me to thank all of our staff for their tremendous work in achieving our results and maintaining our leading reputation and of course our Clients for their essential commissions without which none of these would be practicable.
03 Disciplines

Our Group is connected by four key disciplines:

**Planning**
Our Planning teams specialise in different fields of the planning system, ranging from the strategic promotion of sites, through the Development Plan process, to the project management of large, medium and small development schemes.

**Design**
Our Design teams often work in support of the Planning teams, as well as working as standalone services for our clients, as such they have an excellent understanding of the development control process and planning policy requirements in relation to design.

**Environment**
Our Environment teams provide specialist planning services, working in conjunction with our Planning and Design teams, while effectively managing environmental issues in accordance with UK and EU Legislation.

**Economics**
Our Economics team specialises in economic impact assessment, appraisal demographic modelling and retail impact assessment.
The Company Ethos is all about developing passion, commitment and expertise in our staff

Pegasus Group is the trading name of Pegasus Planning Group Ltd. We are a national consultancy, positioned to provide advice on a vast array of issues that particularly impact on the development and management of the built and natural environment.

In particular the company deals with issues relating to planning, urban design, environmental impact, landscape design, visual impact, economics, heritage, renewables, retail, and consultation.

The services that we provide are often related to long term demand requirements relating to the need for sustainable development linked to economic growth. All of these areas involve significant regulatory requirements and the need to deal with complex legislation.
Our Business Model

Objectives

As a Group our objectives are:

- To provide excellent advice to all our clients in dealing with all types of development, economic and environmental issues
- To maintain our position as one of the leading consultancies in the country
- To seek to grow the business both organically and geographically
- To increase the services we provide to enable a holistic response to the issues our clients face
- To continue to grow the profitability of the company, manage balance sheet risk and increase the return to our shareholders

Core Competencies

The Group has a number of Core Competencies that have evolved since Pegasus was founded in 2003. In brief these are:

- The ability to manage and grow a successful consultancy
- Identifying new and existing markets where future growth can be expected
- Establishing an ethos for the company that enables the employment and retention of high quality staff
- Retaining existing clients and identifying new clients
- Excellent financial control of the overall company and its constituent elements
Despite the problems created by the government in withdrawing subsidies in the renewable sector in the preceding year, the Group have managed to increase profit and turnover last year. Turnover has risen to £22.95m. This represents an excellent result in the difficult trading conditions that were subsequently created by this and also by Brexit.

As a Group, Pegasus projects forward the level of growth that it aims to achieve particularly over the next five years and also beyond giving a ten year horizon. The aim is to achieve a 5% growth per annum in profitability.

Overview

The Group’s Business Plan, revisited and updated after the Brexit vote, continues to seek to build on the strong foundation that Pegasus have achieved over the last 14 years, looking forward over the next ten years and aiming to achieve a doubling of turnover through further growth of the Company.

The company has achieved its growth to date on the back of its strengths in planning, environment, design and economics. Our Business Plan, however, acknowledges that we need as a company to continue to diversify our business, not only to grow the revenue of the business, but also and importantly in seeking to insulate the company from any adverse impact brought about by Brexit.

Whilst it will take some time for the Brexit impact to be fully known, we have already seen a reduction in economic growth in the country and more difficult trading conditions in all the sectors we work in. We still consider we are likely to see poor levels of economic growth moving forward over the foreseeable future, although we believe that the threat of recession has receded somewhat.
Setting Clear Priorities

Taking account of the uncertainties that Brexit and other aspects could potentially affect trading into the future, the Group’s priorities remain the same as last year relating to the Business Plan and they are as follows:

- Seek to double the business over the next ten years
- Continue brand building based on the four disciplines of Planning, Design, Environment, Economics
- Improve, diversify and consolidate market penetration in all offices
- Seek additional growth in the smaller offices
- Add where appropriate new offices to the network to expand the disciplines and give greater geographic coverage
- Seek further diversification into new related areas
- Look towards international opportunities
- Improve overall cross selling across the Group
- Maintain and develop skilled professionalism within the business
- Continue to provide for succession at Board Level and Equity directorship
- Maintain and continually develop the professional competitive service for all clients
- Develop further marketing strategies for each area to increase overall client base
Key Growth and Resources

Orderly succession and a strong financial performance are important key aims of the company. We have expanded our company executive directors and they are an experienced team of people with a long track record of success. We will continue to seek growth in our executive directors from internal and selective external sources to aid us in our key aims.

Our client base continues to grow and is also becoming more varied. Client relationships are an important aspect of growing our business and we have a significant element of repeat business. We are seeking to build on these client relationships and create new relationships with those who do not currently use our services. Our business structure is such that we are able to deliver a fully comprehensive service from initial outset of all development projects through to handover and occupation of the final project.

The overall leadership of the company is committed, together with the support of our knowledgeable and experienced colleagues, to add value to projects by using the professionalism of the full Pegasus brand.

Competitiveness in difficult trading conditions is always important and we therefore seek to maintain our existing relationships with clients, seek additional growth through these relationships, seek to provide sustainable solutions to problems and ensure the necessary resources are in place to achieve this.

Promoting the Pegasus brand beyond our existing work areas remains an important key growth priority and the Group will continue to put resources into this area to enable this key growth aim to be achieved.

Geographical Growth

Our office network now consists of some 11 offices across the country. The most recent office established being that in Birmingham city centre. This gives us two offices in the city and has been established to help us grow new sectors and also to build on and attract more commercial work. We also remain committed to the north of England and indeed Scotland and growing our brand in these areas particularly in the Northern Powerhouse area. Pegasus also maintains a vision to open further offices in England, Scotland and Ireland within the next five years.

As set out last year, meeting the needs of population and commercial growth remains an important cornerstone for the work in all our offices. In addition, our activities seek to manage and enhance the built, natural and historic environment. These remain important across national boundaries and given the similarities between the planning system in England and Wales with that in Scotland and Ireland the company sees significant benefit in extending the Pegasus brand into these countries as well.

Our approach when we open new offices is to have two employees of Director level experience within the surrounding area, who can bring with them an established client base. We also look at the potential of establishing different disciplines within each new office. This optimises the best opportunity to enable the office to succeed. The company also offers the opportunity for our senior employees to promote their existing connections in the new area and to move to the area themselves.

In considering geographical and sectoral growth, the Company are also open to the option of acquisition of a suitable practice.
Finance Director’s Report and Business Plan

Organic Growth

Whilst we look to expand our office network, we also recognise that within our existing office network there is scope for further diversification and expansion of our services. We are seeking to broaden the number of disciplines within a number of our offices over the next year.

The Company has evolved a standard office framework, which whilst it operates as an initial blueprint there is always scope to alter and change the framework to respond to individual market areas the office serves. Planning is often the cornerstone to each office utilising our extensive client base, but different disciplines are introduced dependant on the market requirement of the area the office serves.

As part of our overall Brexit strategy and business plan, the Company continues to look at each of its existing offices to ensure the right resources to add value and competitiveness, are within the right location and to ensure each office is able to provide the quality of service that the company are renowned for.

Diversification Growth

One of the key aims is to ensure that the group continues to diversify in order to spread and increase revenue from a greater number of work areas and an increased number of clients. This will give us strength to be able to deal with lower levels of economic growth or any future downturn in the economy.

The Group was originally formed with a strong planning base originally with a residential emphasis. It is now evolved into four sectors:

• Planning
• Design
• Environment
• Economics

We are likely over the next year to add a fifth sector to this core, this being Transportation. We have started this in Bristol and are looking to expand this across a number of other offices in due course. The response to us being able to offer work in this area has been very significant and, we believe, it will in due course be another profitable arm to the business.

There are also a number of different work areas within each of these sectors which allow us to trade in a number of different but related areas. We continue to expand our heritage offer, which is now quite a substantial department in its own right. We are also looking to significantly expand our existing Economic capabilities, this has for example been done by adding property advice into this sector, which is based within our Liverpool office.

We still seek to grow Urban Design across the country. We have seen significant growth in the north of England and we have also sought to expand our work in this area from the Bristol office and also look to establish a new urban design work centre in Cambridge. We will continue this expansion looking further to the north and also to the South East whilst still building our existing teams and providing the necessary resources to ensure in time delivery of our work requirements.

Commercial and automotive sector work remain important elements of our overall portfolio. We are seeing further growth in a variety of power generating sources, telecommunications and now also minerals. We remain a company with a very good reputation both in landscape design, landscape witness and other landscape work and our environment sector continues to grow its work following on from what have been difficult times in the past.

The growth in diversification and also the growth of our office network has helped to build the strength of the overall Pegasus brand and we believe our continued ambitions in this area can only build the brand still further. The Board therefore are committed to further diversification and growth both in consultancy areas where we are not active and into different geographical areas. Where necessary and where it is in the best interest of the company, we will seek to do this through acquisition of suitable practices.
Achieving More and Better

This is the third of our Annual Reports. In our report last year we set out our amended Business Plan taking account of the current concerns flowing from Brexit.

We are pleased to be able to report this year that we are meeting the goals set out in the Business Plan last year. We have seen further growth in all our disciplines, we have had further geographical growth through the opening of the new office in Birmingham, our Heritage offer has expanded further, we have started new work areas in minerals and property as well as establishing a new future sector in transportation.

We are continuing to see costs rise and we are seeking to keep a tight rein on these whilst expanding our revenues to keep our overall profit percentage up. At the same time we are keeping a close watch on cash flow.

The Pegasus brand remains strong and robust. The strategic management of the Company is seeking to optimise growth whilst monitoring potential adverse external impacts. Our Core Strengths, which include our excellent professional workforce and our diversification policy remains a key to our success into the future.

We will seek to grow Transportation across the group and expand significantly Economics, particularly with the new work area in giving property advice.
This Year

This year we again remain focussed on building our brand in the north of England, and Scotland. We also wish to grow our work in London and the South East. We have already brought in additional Directors who add to the strength of the overall company and have enlarged our client base. We will seek to continue this for the rest of the year. We will seek to grow Transportation across the group and expand significantly Economics, particularly with the new work area in giving property advice.

Our aim remains to provide an unrivalled service to both our existing and new clients, support and reward all our excellent workforce and move towards our overall ten year goal.

Our financial performance so far this year has been strong and beyond that forecast in our existing budgets. We see no reason for this not to continue for the rest of this year.

Samantha Kerby
Executive Finance Director
The Board of Directors of Pegasus Group are as follows:

01. Tony Bateman
   Managing Director
   Group

02. Stephen Bawtree
    Chairman
    Group

03. Paul Burrell
    Executive Director
    Cirencester

04. Mike Carr
    Executive Director
    Cirencester

05. Andrew Cook
    Executive Director
    Cirencester

06. Samantha Kerby
    Executive
    Finance Director
    Group

07. Gary Lees
    Executive Director
    East Midlands

08. Chris May
    Executive Director
    Birmingham

09. Jim Tarzey
    Executive Director
    London

10. Colin Virtue
    Executive Director
    Bristol

As of 1st January 2018
Executive Directors

The Executive Directors of Pegasus Group are as follows:

01. Robert Barber  
   Executive Director  
   Cambridge

02. Chris Calvert  
   Executive Director  
   Leeds

03. Glenn Godwin  
   Executive Director  
   Cirencester

04. David Hutchison  
   Executive Director  
   Cirencester

05. Guy Longley  
   Executive Director  
   East Midlands

06. Nicky Parsons  
   Executive Director  
   Cambridge

07. Jeremy Peachey  
   Executive Director  
   Birmingham

08. Paul Smith  
   Executive Director  
   East Midlands

09. David Stentiford  
   Executive Director  
   Birmingham

10. Seb Tibenham  
    Executive Director  
    Manchester

11. Dan Weaver  
    Executive Director  
    Bristol
07 Corporate Governance

Introduction
At Pegasus we seek to combine the benefits of flexibility and rapid response available to a private Company with the discipline to which a fully listed Company would adhere. We aim to promote open management which is accessible, understandable, shared and enthusiastically adopted in all our offices. This is part of our ongoing development of the Company to support, engage and motivate our employees. Good efficient and consistent Corporate Governance is viewed by us to be essential in providing the optimum professional service for our Clients.

Pegasus are currently not a listed company and are not subject to the requirements of the UK Governance Code, that said the Board acknowledges the need to be clear and open about how the company is run. As part of our continuing programme of Company development, Pegasus Group has undertaken a formal review of our Corporate Governance guided by the IOD Good Governance Report and our experience since introducing the Pegasus Corporate Governance Framework approved in 2016 which had regard to the FRC UK Corporate Governance Code 2014. In achieving and developing governance there are likely to be further changes in the overall management of the company and in particular the need to consider more fully the roles of non-executive directors. Over the last year the Board has sought to deal with a number of these aspects.

Building on our experience and the national guidance Pegasus Group are producing a new Revised Framework for Corporate Governance in 2018 and looking beyond. The Revised Framework draws together all Pegasus Governance into one document in continuing our drive for greater transparency and continually improving efficiencies.

We have constituted our Strategic Framework Executive (SFE) which comprises all Executive Directors. The SFE meets on a quarterly basis and is responsible for the strategic direction of the business.

We retain the Management Board (MB) which is responsible for the day to day management of the Company within the remit of the SFE. The MB comprises some 9 EDs, currently with a Non-Executive Chairman. The MB is constituted so that a range of ages and disciplines are represented.

To assist the board there are Audit, remuneration, nomination or Corporate Governance Committees.

Board Responsibilities
The board has the following responsibilities:
- Settling the Groups overall strategy, business plan and direction of growth
- Settling annual targets and budgets
- Regularly reviewing the financial accounts of the company including approval of the annual results
- The recommendation and approval of dividends or other capital distributions
- Settling of any acquisitions or disposals
- Setting of polices relating to risk management
- Appointment of key advisors to the Group
- Approval of major items of capital expenditure
- Dealing with any litigation issues

The SFE and MB are supported by key Committees which are delegated to work through the detailed management of the business including the Audit and Remuneration Committee.

A clear formal reporting structure is in place to provide consistent and clear communication. Prior circulation of Reports/Minutes ensures that all EDs are kept abreast of developments. Our procedures are designed to allow each ED to continue to provide full attention and commitment to fee earning.
Corporate Governance

Board Structure

Currently the board comprises one non-executive Director (the Chairman) and nine Executive Directors. The Executive Directors are responsible for the day to day management of the Group’s business activities.

The Non-Executive Chairman, Stephen Bawtree was, until June 2014 an Executive Director of the Company. On that date he retired from this role in the Company and took up the non-executive Director role on the board. He is independent of the management of the Company and the view of the board is that he contributes independent judgement as well as bringing extensive knowledge and experience.

In September 2018 Stephen will be retiring and Jim Tarzey will then replace him as Chairman.

The Chairman and the Managing Director have clear and distinct roles. The Chairman’s key functions are to conduct board meetings and ensure all Directors are properly briefed in order that they may play a full part in discussions at the Board. The Managing Director’s role is to develop and lead business strategies and processes to enable the Group to meet the requirements of its client group as well as the needs of the employees.

Board Operations

The Board seeks to meet eleven times on an annual basis. The agenda for each Board meeting focusses on business performance, future strategy, emerging risks and aspect of business control. Health and Safety issues and ISO compliance is also raised at each board meeting. Where necessary papers are prepared in advance and circulated to all board members. At every meeting the previous months management accounts are considered. The Company Secretary assists the Chairman in ensuring Board procedures are followed.
Independent Auditor’s Report to the Members of Pegasus Planning Group Ltd

We have audited the financial statements of Pegasus Planning Group Limited for the year ended 30 June 2017, which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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, 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 relating 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 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.
Financial Statements

Opinion on other matter 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 Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the Strategic Report and Directors’ Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors’ Report.

We have nothing to report in respect of the following matters where 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 financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of Directors’ remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

Ryan Hancock
(Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditors

Windsor House
Bayshill Road
Cheltenham
GL50 3AT
## Profit and Loss Account for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Turnover</td>
<td>22,948,482</td>
<td>21,664,207</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(12,817,973)</td>
<td>(12,480,980)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>10,130,509</td>
<td>8,983,227</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(6,203,754)</td>
<td>(5,265,591)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>3,926,755</td>
<td>3,717,636</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>-</td>
<td>1,249</td>
</tr>
<tr>
<td>Interest payable and similar charges</td>
<td>(3,035)</td>
<td>(9,023)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>3,923,720</td>
<td>3,709,862</td>
</tr>
<tr>
<td>Taxation</td>
<td>(778,664)</td>
<td>(757,595)</td>
</tr>
<tr>
<td>Profit for the financial year</td>
<td>3,145,056</td>
<td>2,952,267</td>
</tr>
</tbody>
</table>

The above results were derived from continuing operations.

The Company had no other comprehensive income in the current or preceding year.
Balance Sheet as at 30 June 2017

<table>
<thead>
<tr>
<th>Fixed assets</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>7</td>
<td>3,750,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>8</td>
<td>133,439</td>
<td>182,278</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,883,439</td>
<td>5,182,278</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current assets</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td>9</td>
<td>9,460,726</td>
<td>8,846,267</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>10</td>
<td>1,518</td>
<td>57,333</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9,462,244</td>
<td>8,903,600</td>
</tr>
<tr>
<td>Creditors: Amounts falling due within one year</td>
<td>11</td>
<td>(2,739,556)</td>
<td>(3,029,391)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td>6,722,688</td>
<td>5,874,209</td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td>10,606,127</td>
<td>11,056,487</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital and reserves</th>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Called up share capital</td>
<td></td>
<td>12,500</td>
<td>12,400</td>
</tr>
<tr>
<td>Share premium reserve</td>
<td></td>
<td>677,090</td>
<td>674,026</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>9,916,537</td>
<td>10,370,061</td>
</tr>
<tr>
<td>Total equity</td>
<td></td>
<td>10,606,127</td>
<td>11,056,487</td>
</tr>
</tbody>
</table>

Approved and authorised by the Board on 30th January 2018 and signed on its behalf by:

A Bateman
Managing Director
Financial Statements

CASH FLOW
Financial Statements

Statement of Cash Flows for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2017 £</th>
<th>2016 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>3,145,056</td>
<td>2,952,267</td>
</tr>
<tr>
<td>Adjustments to cash flows for non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>1,341,465</td>
<td>1,388,638</td>
</tr>
<tr>
<td>Finance income</td>
<td>-</td>
<td>(1,249)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>3,035</td>
<td>9,023</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>778,664</td>
<td>757,595</td>
</tr>
<tr>
<td></td>
<td>5,268,220</td>
<td>5,106,274</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in debtors</td>
<td>(610,929)</td>
<td>(215,932)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>496,014</td>
<td>58,717</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>5,153,305</td>
<td>4,949,059</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(770,660)</td>
<td>(935,390)</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>4,382,845</td>
<td>4,013,669</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th>2017 £</th>
<th>2016 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>-</td>
<td>1,249</td>
</tr>
<tr>
<td>Acquisition of tangible fixed assets</td>
<td>(42,626)</td>
<td>(75,526)</td>
</tr>
<tr>
<td>Net cash flows from investing activities</td>
<td>(42,626)</td>
<td>(74,277)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th>2017 £</th>
<th>2016 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid</td>
<td>3,035</td>
<td>(9,023)</td>
</tr>
<tr>
<td>Proceeds from issue of ordinary shares</td>
<td>3,164</td>
<td>326,426</td>
</tr>
<tr>
<td>Repayment of director loan accounts</td>
<td>(588,575)</td>
<td>(1,482,160)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(3,598,580)</td>
<td>(3,993,559)</td>
</tr>
<tr>
<td>Net cash flows from financing activities</td>
<td>(4,187,026)</td>
<td>(5,158,316)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase/(decrease) in cash and cash equivalents</th>
<th>2017 £</th>
<th>2016 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at 1 July</td>
<td>(499,942)</td>
<td>718,982</td>
</tr>
<tr>
<td>Cash and cash equivalents at 30 June</td>
<td>(346,749)</td>
<td>(499,942)</td>
</tr>
</tbody>
</table>
1 GENERAL INFORMATION

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:
Pegasus House
Querns Business Centre
Whitworth Road
Cirencester
Gloucestershire  GL7 1RT

2 ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation
These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Judgements and estimation uncertainty
The Directors are required to make judgements regarding: the recoverability of trade debtor balances; amounts recoverable on long-term contracts; the fair value of work in progress; and the estimated useful life of tangible and intangible fixed assets.

Revenue recognition
Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company’s activities. Turnover is shown net of value added tax.

The Company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company’s activities.

Tax
The tax expense for the period comprises corporation tax and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.
Deferred tax
Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible fixed assets
Tangible fixed assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.
Depreciation
Depreciation is charged so as to write off the cost of assets, as follows:

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Depreciation method and rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixtures, fittings and equipment</td>
<td>25% straight line</td>
</tr>
</tbody>
</table>

Goodwill
Goodwill is amortised over its useful life, which shall not exceed five years if a reliable estimate of the useful life cannot be made.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Amortisation method and rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>10% straight line</td>
</tr>
</tbody>
</table>

Amounts recoverable on contracts
Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Trade debtors
Trade debtors are amounts due from customers for services performed in the ordinary course of business, and are recognised initially at the transaction price. They are subsequently measured at amortised cost, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due.


**Financial Statements**

**Cash and cash equivalents**
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**Trade creditors**
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost.

**Loans and borrowings**
Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends
Dividend distribution to the Company’s shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments
Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.
3 OPERATING PROFIT

Arrived at after charging/(crediting):

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation expense</td>
<td>91,465</td>
<td>138,638</td>
</tr>
<tr>
<td>Amortisation expense</td>
<td>1,250,000</td>
<td>1,250,000</td>
</tr>
<tr>
<td>Operating lease expense - property</td>
<td>693,363</td>
<td>660,721</td>
</tr>
<tr>
<td>Operating lease expense - other</td>
<td>272,766</td>
<td>94,056</td>
</tr>
<tr>
<td>Auditor’s remuneration - audit of the annual accounts</td>
<td>14,000</td>
<td>13,500</td>
</tr>
<tr>
<td>Auditor’s remuneration - non audit work</td>
<td>1,500</td>
<td>1,475</td>
</tr>
</tbody>
</table>

4 STAFF COSTS

The aggregate payroll costs (including Directors’ remuneration) were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>10,586,909</td>
<td>9,518,215</td>
</tr>
<tr>
<td>Social security costs</td>
<td>1,176,777</td>
<td>1,048,696</td>
</tr>
<tr>
<td>Pension costs</td>
<td>1,017,895</td>
<td>1,134,828</td>
</tr>
<tr>
<td></td>
<td>12,781,581</td>
<td>11,701,739</td>
</tr>
</tbody>
</table>

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>184</td>
<td>171</td>
</tr>
<tr>
<td>Administration and support</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>Directors</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>232</td>
<td>221</td>
</tr>
</tbody>
</table>

5 DIRECTORS’ REMUNERATION

The Directors’ remuneration for the year was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration (including benefits in kind)</td>
<td>2,060,180</td>
<td>1,843,293</td>
</tr>
<tr>
<td>Contributions paid to money purchase schemes</td>
<td>179,687</td>
<td>433,265</td>
</tr>
<tr>
<td></td>
<td>2,239,867</td>
<td>2,276,558</td>
</tr>
</tbody>
</table>

During the year the number of Directors who were receiving benefits was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruing benefits under money purchase pension scheme</td>
<td>18</td>
<td>19</td>
</tr>
</tbody>
</table>

In respect of the highest paid Director:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration (including benefits in kind)</td>
<td>122,118</td>
<td>124,614</td>
</tr>
<tr>
<td>Company contributions to money purchase pension schemes</td>
<td>10,797</td>
<td>19,200</td>
</tr>
</tbody>
</table>
6 TAX

Tax charged/(credited) in the profit and loss account:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK Corporation tax</td>
<td>782,194</td>
<td>769,359</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arising from origination and reversal of timing differences</td>
<td>(3,530)</td>
<td>(11,764)</td>
</tr>
<tr>
<td></td>
<td><strong>778,664</strong></td>
<td><strong>757,595</strong></td>
</tr>
</tbody>
</table>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19.75% (2016 - 20%).

The differences are reconciled below:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>3,923,720</td>
<td>3,709,862</td>
</tr>
<tr>
<td>Corporation tax at standard rate</td>
<td>774,935</td>
<td>741,972</td>
</tr>
<tr>
<td>Non deductible expenses</td>
<td>100</td>
<td>7,690</td>
</tr>
<tr>
<td>Other differences</td>
<td>3,629</td>
<td>7,933</td>
</tr>
<tr>
<td></td>
<td><strong>778,664</strong></td>
<td><strong>757,595</strong></td>
</tr>
</tbody>
</table>

Deferred tax
Deferred tax assets and liabilities:

2017

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated capital allowances</td>
<td>(3,936)</td>
<td></td>
</tr>
<tr>
<td>Other timing differences</td>
<td>16,412</td>
<td>12,476</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2016

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated capital allowances</td>
<td>(10,362)</td>
<td></td>
</tr>
<tr>
<td>Other timing differences</td>
<td>19,308</td>
<td>8,946</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7 INTANGIBLE FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Goodwill £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>At 1 July 2016 and 30 June 2017</td>
<td></td>
</tr>
<tr>
<td>Amortisation</td>
<td></td>
</tr>
<tr>
<td>At 1 July 2016</td>
<td>7,500,000</td>
</tr>
<tr>
<td>Amortisation charge</td>
<td>1,250,000</td>
</tr>
<tr>
<td>At 30 June 2017</td>
<td></td>
</tr>
<tr>
<td>Carrying Amount</td>
<td></td>
</tr>
<tr>
<td>At 30 June 2017</td>
<td>3,750,000</td>
</tr>
<tr>
<td>At 30 June 2016</td>
<td>5,000,000</td>
</tr>
</tbody>
</table>

8 TANGIBLE FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Fixtures and fittings £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>At 1 July 2016</td>
<td>800,998</td>
</tr>
<tr>
<td>Additions</td>
<td>42,626</td>
</tr>
<tr>
<td>At 30 June 2017</td>
<td>843,624</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
</tr>
<tr>
<td>At 1 July 2016</td>
<td>618,720</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>91,465</td>
</tr>
<tr>
<td>At 30 June 2017</td>
<td>710,185</td>
</tr>
<tr>
<td>Carrying Amount</td>
<td></td>
</tr>
<tr>
<td>At 30 June 2017</td>
<td>133,439</td>
</tr>
<tr>
<td>At 30 June 2016</td>
<td>182,278</td>
</tr>
</tbody>
</table>

9 DEBTORS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>7,794,776</td>
<td>7,607,071</td>
</tr>
<tr>
<td>Amounts recoverable on contracts</td>
<td>1,338,671</td>
<td>931,565</td>
</tr>
<tr>
<td>Other debtors</td>
<td>123,555</td>
<td>123,570</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>191,248</td>
<td>175,115</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>12,476</td>
<td>8,946</td>
</tr>
<tr>
<td></td>
<td>9,460,726</td>
<td>8,946,267</td>
</tr>
</tbody>
</table>
Financial Statements

10 CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>1,518</td>
<td>1,054</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>-</td>
<td>56,279</td>
</tr>
<tr>
<td></td>
<td>1,518</td>
<td>57,333</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>(348,267)</td>
<td>(557,275)</td>
</tr>
<tr>
<td></td>
<td>(346,749)</td>
<td>(499,942)</td>
</tr>
</tbody>
</table>

11 CREDITORS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>350,954</td>
<td>1,148,537</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>386,098</td>
<td>450,760</td>
</tr>
<tr>
<td>Social security and other taxes</td>
<td>972,809</td>
<td>810,579</td>
</tr>
<tr>
<td>Tax liability</td>
<td>402,194</td>
<td>390,460</td>
</tr>
<tr>
<td>Outstanding defined contribution pension costs</td>
<td>139,452</td>
<td>96,542</td>
</tr>
<tr>
<td>Other creditors</td>
<td>18,201</td>
<td>16,692</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>469,848</td>
<td>117,821</td>
</tr>
<tr>
<td></td>
<td>2,739,556</td>
<td>3,029,391</td>
</tr>
</tbody>
</table>

12 LOANS AND BORROWINGS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current loans and borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>348,267</td>
<td>557,275</td>
</tr>
<tr>
<td>Director loan accounts</td>
<td>2,687</td>
<td>591,262</td>
</tr>
<tr>
<td></td>
<td>350,954</td>
<td>1,148,537</td>
</tr>
</tbody>
</table>

The bank overdraft is secured by a debenture dated 26 August 2010.

13 PENSION AND OTHER SCHEMES

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,017,895 (2016 - £1,134,828). Contributions totalling £139,452 (2016 - £96,542) were payable to the scheme at the end of the year and are included in creditors.

14 OBLIGATIONS UNDER LEASES

The total of future minimum lease payments is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>855,677</td>
<td>677,131</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>1,103,430</td>
<td>1,135,579</td>
</tr>
<tr>
<td>Later than five years</td>
<td>250,813</td>
<td>336,558</td>
</tr>
<tr>
<td></td>
<td>2,209,920</td>
<td>2,149,268</td>
</tr>
</tbody>
</table>
09 Corporate Social Responsibility

Business Dealings
It is important to us as a group that all our business activities are conducted with honesty and fairness. All employees are required to act with high standards of behaviour and where applicable in accordance with their professional institute requirements.

Each employee is required to ensure they conduct themselves with full respect for the human rights of other people and property. All employees are required to be clear about any financial or professional activity outside of the company they are engaged in which could conflict with their responsibilities to the Group. No employee is allowed to abuse their position for personal gain. The Group seeks to conduct all matters in accordance with the Bribery Act.

Health and Safety
The Health and Safety of all our employees is of paramount importance. All employees are required to undertake training in respect of health and safety and this is fully monitored by the Group’s Health and Safety Manager.

Regular reports are provided to all board meetings regarding health and safety issues, in order that we ensure we provide safe working environments to protect staff, clients and visitors who may be affected by the company’s activities. This includes any incidents or accidents that may have taken place since the previous report. In all situations health and safety risks of activities are assessed and appropriate control measures put in place.

During the last year the company has not been prosecuted for any breach of health and safety regulations and has not been subject to any regulatory authority.

No RIDDOR reports have been made by the company.

Community Activities
The Group support a number of community activities around the country and has made a number of charitable donations in the past year. In the last financial year the group or its staff have raised or given over £20,000.

Environmental Management
As a consultancy our direct impact on the Environment is minimal. As a Group though we acknowledge the need to ensure that we keep our impact as low as possible.

In order to achieve this we endeavour to comply with all relevant legislation, we seek to utilise suppliers who provide appropriate products that are recyclable, or otherwise sustainable, and we seek in our buildings to move towards more sustainable energy use.

The Group in particular operates a recognised environmental management system and has achieved ISO14001. Each office is required to recycle as many materials as possible and restrict overall waste.

<table>
<thead>
<tr>
<th>Total Number of Employees Including Directors</th>
<th>Male Employees</th>
<th>Female Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>232</td>
<td>50.86%</td>
<td>49.14%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees under the Age of 25</th>
<th>Employees Aged between 25 and 29</th>
<th>Employees Aged between 30 and 49</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.03%</td>
<td>18.53%</td>
<td>59.91%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees Over the Age of 50</th>
<th>Part Time Employees</th>
<th>Average Length of service in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.52%</td>
<td>16.81%</td>
<td>5.2</td>
</tr>
</tbody>
</table>

We will provide comparable statistics in future Annual Reports
All figures at 30th June 2017
Employee Responsibility

Our employees are one of our major assets. We have a well-qualified, motivated and loyal workforce. One of the main objectives of the company is to seek to retain this workforce. In this respect we have established appropriate remuneration levels for each grade within the company. These levels are benchmarked against the position outside of the company to ensure that all pay grades are fully representative and competitive. We provide excellent healthcare, medical, life assurance and pension provisions.

In order to deal with our people management issues and ensure that we remain an attractive consultancy to work for we have established a Human Resources department within the overall Group Services structure.

We operate an equal opportunities policy within the company regardless of sex, sexual orientation, religion, ethnicity, age, disability, pregnancy, marriage or civil partnership.

In accordance with the Corporate Governance report of the board and senior management of the company (Regional Directors and above) 24 are male and 4 female.

We operate a full induction programme to all new employees which includes a day with other new starters and involves senior management. Engagement in the company is of paramount importance and to that end we provide a weekly news service, regular employee appraisals, staff days out and continuing professional development through seminars and other training opportunities.
Social Activities

Our diverse and talented employees take part in a number of activities and support a number of charitable events. We are very proud of the achievements of our employees and can boast having in our midst:

Dressage competitor, clay pigeon shooter, CrossFit enthusiast, Managers/coaches of local children’s football and cricket teams, marathon runners, a football scout, Olympic wheelchair basketball competitor, member of Team GB ‘four cross’ cycling team, Welsh table tennis champion and a member of the Top 10 British BBQ Team. The list goes on!

Our employees carry out a whole host of activities in order to raise money for a number of charities which are dear to our employees hearts. The company sponsors events such as the British Lung Foundation, Breast Cancer Care, Alzheimers Society, Crisis, BBC Children In Need, UNHCR, Birmingham Christmas Shelter, Save the Children, British Heart Foundation, Hope for Tomorrow, Kids Out, Heads Together, Cystic Fibrosis Trust, Leicestershire NHS Partnership Trust, Whizz Kidz, Child Brain Injury Trust, Arthritis Research UK, Cancer Research UK and Children’s Hospice South West.

As a Group we support a number of other charitable organisations such as sponsoring the Lichfield Festival, one of the main Arts Festival in the country.

The diverse hobbies of our employees include singing in local women’s choir, playing both electric and acoustic guitar, an illustrator who recently had a book published, a leader of a Guide group, painting scenery for local school plays and recently an employee who has received an Award of Merit by the Chief Scout for scouting services and a DoE Gold expedition assessor.
Stephen’s Lands End to John O’Groats Challenge

1,000 Miles
09 July 2017 to 29 July 2017

Stephen Bawtree cycled 1,000 miles which started on 9th July 2017 and raised funds for Hope for Tomorrow. The charity has been providing mobile chemotherapy units in the United Kingdom since 2007. Stephen and his wife both lost their fathers to cancer and Hope for Tomorrow has a particular resonance.

Stephens training went well and he provided updates and progress reports both in advance and throughout the great trip.

Stephen Bawtree

Completing Lands End to John O’Groats was an elating experience. As a final flourish Scotland gave us sunshine on the northerly most point followed shortly by really heavy rain and cold winds at John O’Groats. Riding with new friends, meeting people and seeing the country afresh has been remarkable. Helping Hope For Tomorrow has been life affirming. My very sincere thanks to all who have helped.

I am delighted to say that through the support and generosity of all who sponsored me, we raised £7,417.00. This will make an important difference to the care afforded to so many people up and down the country.

I can look back over a wonderful challenge and genuinely say that I enjoyed every day.

Even the difficult days brought real rewards and the best days were beyond my expectations.

Thanks again to all.

Total Raised for the Charity Hope for Tomorrow
£7,417.00
Pegasus Group Projects
Extract from our project portfolio during 2016/17

01/ iscene Leisure Complex, Ilford - Legal & General
02/ Gloucestershire Country House, Gloucestershire - Private Client
03/ Energy From Waste Facility, Hams Hall Distribution Centre, Birmingham - Rolton Kilbride
04/ Binfield Learning Village, Bracknell - Mace on behalf of Bracknell Borough Council
05/ Plasdrwr Garden City (Design), North West Cardiff - Redrow Homes
06/ Ampfield Care Village, Hampshire - Perbury Developments Ltd
07/ Aldi Regional Distribution Centre, Sawley, East Midlands - Aldi
Projects

08/ Drake Circus, Plymouth - City & Provincial PLC
09/ Monaco House Redevelopment, Birmingham - MCR Property
10/ Thoresby Colliery, Nottinghamshire - Harworth Estates
11/ Bricket Wood, St Albans, 100 New Homes - Crest Nicholson
12/ Panoramic 34 Restaurant, Liverpool - Panoramic 34 Restaurant
13/ The Rotunda, Cheltenham - The Ivy Group
The Regional Directors of Pegasus Group are as follows:

01. **Barry Cansfield**  
   Regional Director  
   London

02. **Brian Denney**  
   Regional Director  
   Leeds

03. **Sarah Hamilton-Foyyn**  
   Regional Director  
   Cirencester

04. **Steve Lewis-Roberts**  
   Regional Director  
   East Midlands

05. **Sue Manns**  
   Regional Director  
   Birmingham

06. **Andy Meader**  
   Regional Director  
   Bracknell

07. **Jonathan Rainey**  
   Regional Director  
   Bristol

08. **Edward Turner**  
   Regional Director  
   Cirencester