

RNS Number : 4033B
Baqus Group PLC
27 October 2009

FOR RELEASE
7.00 AM

27 OCTOBER 2009

BAQUS GROUP PLC
("Baqus" or "Group")
(National Construction Consultancy and Quantity Surveying Group)

Preliminary Results for the year ended 30 June 2008
CONSOLIDATED INCOME STATEMENT
For the 12 months ended 30 June 2009

	Year to	**Proforma
	30 June	Year to
	2009	30 June
	Unaudited	Unaudited
	£'000	£'000
REVENUE	7,853	7,702
PROFIT BEFORE TAX	739	1,062
BASIC EARNINGS PER SHARE (Pence)	0.46p	0.58p
DIVIDENDS	0.11	0.17

Key points:

- **Profit before tax of £739,000**
- **Cash balances of £1.158 million at 30 June 2009**
- **2% increase in turnover to £7,853,000**
- **Acquisition of Nigel Rose Group on 30 June 2009**
- **Board recommending a final dividend of 0.06p on top of an interim dividend of 0.05p**
- **Pressure on margins**
- **Focus on generating cost efficiencies through the integration of acquired businesses**
- **Increased investment in training and retention of skilled staff**

- **Strong position to expand through further acquisitions**
- **Given continued economic volatility, the Group is cautious about the outlook for the current year**

**** As the Group was only formed on 14 December 2007 the board has included unaudited proforma numbers for the year to 30 June 2008 to assist the reader in understanding the underlying trading of the Group**

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Background Note:

Baqus was admitted to trading on AIM on the 14 December 2007, having raised £1.75 million through a placing of 17,500,000 Ordinary Shares.

Baqus is a national building consultancy and quantity surveying group offering construction cost consultancy, project management and building surveying services to clients in the UK. The Group works across a number of business sectors including: health, education, leisure, hospitality, affordable housing, residential, commercial and conservation. Clients include local authorities, central government, NHS, residential Housing Associations, commercial companies and developers.

The Quantity Surveying Market in the UK, estimated to be worth in excess of £1 billion, is highly fragmented and dominated by a small number of major players, which the Baqus Group Directors believe make it ripe for consolidation. Since the Group's admission to AIM, they have been pursuing a strategy of acquiring small to medium sized Quantity Surveying practices across the country, the most recent of which is Nigel Rose Group. Previous activity includes the acquisition of Sworn King and Partners in 2008. Once acquired, the practices are incorporated into the wider Group with a particular emphasis on exploiting opportunities for operational synergies with existing business units.

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2009

Statement by Chief Executive Officer, Clive Sayer

I am pleased to introduce my Review for the Annual Report for the year ended 30 June 2009. As can be seen in the Financial Director's Report, profits and earnings per share are close to market expectations and the Group has a healthy balance sheet with net cash of £1.158 million.

In last year's Annual Report, I set out the opportunities and challenges that we faced in a rapidly changing market.

We knew that we were already into a recessionary situation and 'credit crunch' and that the years ahead were likely to be difficult. As a Group, we prepared for the challenges and faced up to them. Whilst sometimes short term actions have to be taken, it is essential to keep a focus on the medium term so as to have the business trim, fit and ready to accelerate forward as the business environment improves.

As a result, the Group concentrated on trimming unnecessary costs and improving efficiencies whilst keeping the team motivated and continuing to invest in training for up and coming staff. We have managed to avoid the wholesale redundancies imposed by some of our rivals which have led to demotivated staff, unhappy clients and heavy redundancy costs at those firms.

We are making a significant investment in training staff for environmental, sustainability and health and safety matters as these areas continue to be an important focus for the wider construction industry and will provide opportunities for future growth.

The integration of the three founding firms and recent acquisitions continues apace, enabling a reduction in overall costs and driving efficiency across the Group. One of the major benefits of increasing the national reach of the Group has been the ability to service clients on a national scale.

The acquisition of Nigel Rose Group on 30th June 2009 brings another set of opportunities for rationalisation savings as well as opportunities to work in sectors in which we have not previously been represented.

I remain convinced that the difficult business climate will present a number of opportunities for Baqus to acquire other quality firms at competitive cost, many of which would not have been available in easier times.

Results

The profit before taxation was £739,000 (2008: Pro forma £1,062,000) for the year to 30 June 2009 on turnover of £7.853 million (2008: Proforma £7.7 million). Earnings per share were 0.46p (2008: Proforma earnings per share were 0.56p).

The cash balances at 30 June 2009 were strong at £1.158 million following paying £600,000 on 14 December 2008 for partial redemption of the outstanding loan notes. Some cash has been used for the acquisition of Nigel Rose LLP and Nigel Rose Management Limited but this has been largely offset by cash generated from trading activities.

Dividend

An interim dividend of 0.05p was paid on 27 April 2009 and the Board is now recommending that a final dividend of 0.06468p is paid on 18 December 2009 to those on the share register on 6 November 2009.

Board

Roger Knowles stood down from the Board of the Group on 31 August 2009 for personal reasons having served as Chairman since the Group was admitted to trading on AIM in December 2007. It was his vision that laid the foundations for Baqus to become one of the first publicly quoted quantity surveying companies in the UK and we are delighted that he has agreed to continue to act as a consultant to the Group.

The Board now operates under the firm guidance of Norman Cave, the senior Non-Executive Director, and I would like to thank him for his contribution over the past year.

Staff

Baquus has an excellent team of people who have continued to work enthusiastically despite the lack of pay reviews and an atmosphere of depression in the construction industry generally. I would like to pay tribute to them and send my thanks for a job well done.

Future Outlook

I am pleased to report that, despite the economic climate, we are continuing to win new work in the

public sector, albeit often at reduced margins. We acknowledge that the largest projects are facing cutbacks and delays - a situation which may get worse after the General Election. However, we have secured appointments on long term framework contracts, which have already led to a series of new acute and mental health commissions. We have expanded our team working on NHS Procure 21, succeeded in winning term contracts for hard facilities management consultancy services on Private Finance Initiative (PFI) projects and received a number of commissions as a result of our specialist expertise acting as Technical Advisor to funders on PFI projects.

There has been a reduced level of activity from many private sector clients over the past year but we are actively maintaining our strong relationships for when activity picks up. Nevertheless, we benefit from having a diverse client base and workload across both private and public sectors and we continue to work hard with existing clients to remain the consultant of choice whilst also endeavouring to win new clients.

Some ongoing schemes include:

A number of appointments in the affordable housing sector, including a £14 million high profile gateway project at the Mayflower Theatre, Southampton, working collaboratively with the Theatre Trust, Local Authority and Atlantic Housing Group to provide a major upgrade of the Theatre and 115 apartments

A series of ongoing projects for a number of Local Authorities to expand and refurbish primary schools. The increase in birth rate is set to drive demand in this sector and we expect further commissions to follow.

All London theatres are now charging a 'restoration levy' on each seat sold and we have been appointed to work on the first major refurbishment under this initiative at the Palace Theatre, Shaftesbury Avenue, commissioned by the Really Useful Theatre Company.

Building on our reputation for involvement in sustainability issues, we have been appointed to work on the new build Portsmouth Continental Ferry building, due to be operational by Spring 2011. This project will incorporate advanced sustainable features and ground breaking environmental technology.

We continue to work on a number of hotel projects across the country for leading operators and specialist developers such as Travelodge and Whitbread (Premier Inn), an example of which is the £7.5million 141 room new build Travelodge Hotel for Patten Properties on the historic world heritage site, The Strand, Liverpool.

We are already working on a number of HM Government projects on Grade 1 buildings of national importance. Members of the same team have been commissioned for the refurbishment of The Royal Academy, London.

In the current financial year, we believe that the construction industry will continue with a subdued level of activity and we have therefore budgeted for another challenging period. However, our cash position is strong, the acquisitions have been successfully integrated and we have excellent people throughout the Group, which gives me confidence in the long-term future of Baqus.

Clive Sayer

Chief Executive Officer

27 October 2009

FINANCIAL DIRECTOR'S REPORT

The profit before taxation for the year ended 30 June 2009 was £739,000 (2008: Pro forma £1,062,000) which is broadly in line with market expectations on turnover that increased by 2% from £7,702,000 to £7,853,000. Earnings per share fell 21% to 0.46p (2008: Pro-forma earnings per share of 0.56p).

Our operating profit margin of 9.61% (2008: 12.33%) dropped from the previous period reflecting the increased competitive pressures that we faced in the very difficult market conditions that persisted throughout the year under review.

The benefits to the Group from the acquisition of Sworn King on 1 August 2009 for a maximum consideration of £377,000 has been offset by the impact of the recession in reducing fee income. Cost of sales rose by 9% from £5,116,000 to £5,588,000, mainly as a result of the acquisition of Sworn King staff. In contrast, overheads have only risen by 1.75% from a pro forma figure of £1,485,000 in 2008, to £1,511,000, which reflects the Sworn King acquisition less cost savings achieved.

As a result of the review of goodwill arising from the acquisitions, we have concluded that the goodwill is unimpaired. The integration of our businesses, including the new acquisitions, is ongoing with cost savings of circa £100,000 per annum being achieved through this process.

We are continuing to look at ways of reducing our working capital and improve cash generation. Following the first repayment of £600,000 plus interest (at base rate plus 2.5%) of loan notes owed to former shareholders of subsidiaries on 14 December 2008, net cash at the year end was £1,158,000. Further repayments of £600,000 plus interest are due on 14 December 2009 and £351,000 plus interest on 14 December 2010. We have also used, in aggregate, £340,000 of our cash balances in acquiring Sworn King and Nigel Rose during the year.

The Group is well advanced with the introduction of a time recording and management system, which is due to be completed in the current financial year. This will give senior management better visibility of staff productivity, job profitability and work-in-progress and enable us to manage the business more effectively.

The Group is continuing to evaluate potential acquisitions. Our approach in the current climate is to offer competitive prices with, normally, a significant element of deferred, performance-related consideration.

Although trading in the markets in which we operate remains highly competitive, we are fortunate in having a strong balance sheet, which should sustain us through this difficult period.

Patrick Lineen
Financial Director
27 October 2009

Consolidated Income Statement For the year ended 30 June 2009

Year to	Year to
30 June	30 June
2009	2008
Unaudited	Audited

Continuing operations	Note	£'000	£'000
Revenue	4	7,853	4,363
Cost of sales		(5,588)	(3,195)
Gross Profit		2,265	1,168
Operating expenses		(1,510)	(630)
Operating profit		755	538
Investment revenue	6	51	48
Finance costs	6	(67)	(70)
Profit before taxation		739	516
Taxation	7	(220)	(160)
Profit for the year attributable to equity holders of the parent		519	356
Dividend	8	181	59
Basic earnings per share (pence)	9	0.46p	0.58p
Diluted earnings per share (pence)	9	0.42p	0.57p

Consolidated Balance Sheet As at 30 June 2009

	Note	As at 30 June 2009 Unaudited £'000	As at 30 June 2008 Audited £'000
Non-current assets			
Intangible assets	10	8,466	8,276
Property, plant and equipment	11	332	230
		8,798	8,506
Current assets			
Trade and other receivables	12	3,596	2,888
Cash and cash equivalents	13	1,158	2,477
		4,754	5,365
Current Liabilities			
Trade and other payables	14	(1,140)	(1,179)
Current income tax liabilities		(218)	(523)
Borrowings	15	(723)	(600)
		(2,081)	(2,302)
Net current assets		2,673	3,063

Total assets less current liabilities		11,471	11,569
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Non-current liabilities			
Borrowings	15	(349)	(951)
Deferred consideration	22.2	(129)	
Deferred income tax liability		(5)	(3)
<hr/>			
Net assets		10,988	10,615
<hr/>			
Equity			
Share capital	16	5,663	5,625
Share premium account	17	4,690	4,693
Retained earnings	18	635	297
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Total equity		10,988	10,615

**Consolidated Cash Flow Statement
for the year ended 30 June 2009**

		Year to 30 June 2009 Unaudited	Year to 30 June 2008 Audited
	Note	£'000	£'000
Operating profit		755	538
Adjustments for:			
Depreciation charges		102	46
Increase in trade and other receivables		(557)	(7)
Increase in trade and other payables		213	79
		513	656
Interest received		51	48
Interest paid		(67)	(70)
Tax paid		(528)	(23)
Net cash (outflow) / inflow from operating activities		(31)	611
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Investing activities			
Purchase of property, plant and equipment		(212)	(31)
Sale of property, plant and equipment		13	7
Acquisition of subsidiaries net of cash/(overdrafts) acquired		(463)	(756)
Net outflow from investing activities		662	780
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Financing activities			
Dividends paid	8	(181)	(59)

Receipts from issue of shares	45	1,750
Less issue costs	(11)	(596)
(Repayment)/ issue of loan notes	(602)	1,551
Net cash (outflow)/inflow from financing activities	(749)	2,646
(Decrease)/Increase in cash equivalents	(1,442)	2,477
Cash movement	(1,442)	2,477

**Consolidated Statement of Changes in Equity
For the year ended 30 June 2009
(Unaudited)**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Changes in equity				
As at 1 July 2008	5,625	4,693	297	10,615
To acquire subsidiaries	38	7		45
Issue costs		(10)		(10)
Equity dividends paid			(181)	(181)
Total recognised income and expense for the year			519	519
At 30 June 2009	5,663	4,690	635	10,988

**For the year ended 30 June 2008
(Audited)**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Changes in equity				
As at 1 July 2007	-	-	-	-
Issued for cash	875	875		1,750
To fund acquisitions	4,582	4,582		9,164
To promoters	168	168		336
Issue costs		(932)		(932)
Equity dividends paid			(59)	(59)
Total recognised income and expense for the year			356	356
At 30 June 2008	5,625	4,693	297	10,615

Notes to the Consolidated Financial Statements for the year ended 30 June 2009

1. General information

Baqus Group plc ("the Company") is incorporated in the United Kingdom under the Companies Act 2006.

The address of the registered office is 2/3 North Mews, London, WC1 2JP. The principal activities of the Group are set out in the Director's Report.

2. Accounting Policies

The principal accounting policies adopted in the financial statements are set out below.

Basis of preparation

The Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial statements have also been prepared in accordance with IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

Basis of Consolidation

The Group's financial statements consolidate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisitions of subsidiaries are accounted for using the purchase method.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of the exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisitions is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination the excess is immediately recognised in profit and loss.

Revenue

Revenue represents the invoiced value of services provided net of value added tax. It comprises the

amounts billed to clients in respect of the provision of quantity surveying services together with the movement in revenue recognised but not invoiced.

Revenue Recognition

Revenue is recognised as contract activity progresses to reflect the Group's performance of its contractual obligations. The right to consideration, by reference to the value of the work performed, is included in the accounts as accrued income under receivables. Where the amount which the client will accept or be able to pay is uncertain, provision has been made to reduce the accrued income to its net realisable value. Where the substance of a contract is that a right to consideration does not arise until the occurrence of a critical event, revenue is not recognised until that event occurs.

Retirement benefit costs

Retirement benefits to employees are provided by defined contribution schemes that are funded by the Group and employees. Payments are made to pension trusts that are financially separate from the Group.

Intangible assets

Goodwill arising from the purchase of subsidiary undertakings, represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable asset, liabilities and contingent liabilities of the subsidiary acquired, and is capitalised as an intangible asset in accordance with the requirements of IFRS 3.

Goodwill is measured at cost less any accumulated impairment losses and will be reviewed annually for any impairment losses. Any impairment losses are recognised through the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful economic life, as follows:

Motor vehicles	25%-33.33% per annum
Fixtures, fittings and equipment	10-20% per annum
Computer	33-50% per annum

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Issue costs are offset against the proceeds of such instruments.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks.

Trade payables

Trade payables are initially measured at fair value and subsequently at amortised cost.

Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. After initial recognition borrowings are measured at amortised cost. Borrowing costs are recognised in profit and loss in the period in which they are incurred.

Equity

Equity instruments issued by the Group are recorded at the proceeds received net of direct costs.

Leasing

Rentals paid under operating leases are charged against profits on a straight line basis over the period of the lease.

Taxation expense

The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net

basis.

Financial Liability and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group has only one class of share in existence.

Finance costs

Finance costs are recognised in the income statement in the year in which they are incurred.

Share-based payments

Where equity investments are granted to persons other than employees, the income statement is charged with the fair value of the goods and services received, except to the extent to which such goods or services form part of the cost of the acquisition of an asset. In such cases the fair value of goods and services received is added to the cost of the asset or treated as a cost of issuing the equity instrument.

The Group issues equity-settled share based payments to certain employees. Equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based upon the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The Board believes that the current quoted market price in the long run is the best estimate of fair value. As the current market price is below the share option price no charge has been made to the income statement.

Critical accounting estimates and judgements

The Group makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the actual results. The Directors considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas of judgement are:

- Revenue recognition policies in respect of contracts which straddle the year end;
- Valuation of intangible assets.

These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances and are discussed, to the extent necessary, in more detail in their respective notes.

3. Adoption of new and revised standards

At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective.

IAS23 Borrowing costs

IAS1 (Revised) Presentation of financial statements

IFRS8 Operating segments

IFRS3 Business combinations

IAS27 Consolidated and separate financial statements

Amendments to IFRS2 Share-based payment: Vesting conditions and cancellations

Amendments to IAS32 Financial instruments - Presentations of financial statements; Puttable financial

Instruments and obligations arising on liquidation.

Amendments to IFRS1 and IAS27 - Cost of an investment in a subsidiary, jointly controlled entity or associate

Amendment IAS39 Financial instruments: Recognition and measurement: Eligible hedged items

IFRIC 12 Service Concession Agreements

IFRIC 13 Customer loyalty programmes

IFRIC 14 IAS 19 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 15 Agreements on the construction of real estate

IFRIC 16 Hedges of a net investment in a foreign operation

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, except for additional segment disclosures when IFRS8 comes into effect for periods commencing on or after 1 January 2009.

4. Revenue

Analysis of the Group's revenue is as follows:

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Continuing operations		
Provision of professional services	7,853	4,363
Investment income	51	48
	7,904	4,411

Segmental analysis

The Directors do not consider that it would be appropriate to provide primary or segmental information as they take the view that the Group provides one service of Quantity Surveying to the UK market with no secondary business segments.

5. Profit from operations

Profit from operations has been arrived at after charging:

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Depreciation of property, plant and equipment		
- Owned assets	90	43
- Under finance assets	12	3
Operating lease rentals:		
- Plant and machinery	50	40
- Property	284	143

6. Investment revenue and finance costs

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Investment revenue:		
Bank deposits	51	48
Finance costs:		
Interest on loan notes	65	65
Interest on finance leases	2	
Interest on bank borrowings	-	5
	67	70

7. Taxation

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Current tax current year	218	154
Deferred tax current year	2	6
	220	160
Factors affecting tax charge for the year		
Profit before taxation	739	516
Profit before taxation multiplied by the standard rate of corporation tax in the UK	207	150
Timing differences	(43)	6
Expenses not deductible for tax purposes	54	4
	218	160

8. Dividends

Year to 30 June 2009	Year to 30 June 2008
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	£'000	£'000
Final dividend for the year ended 30 June 2008 of 0.11 pence per share	125	
Interim Dividend for the year ended 30 June 2009 of 0.05 pence per share	56	59
	181	59

Proposed final dividend for the year ended 30 June 2009 of 0.06468 pence per share (2008 - 0.11 pence per share)

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is £73,000

9. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data, determined in accordance with the provisions of IAS33:

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Earnings		
Earnings for the purpose of the earnings per share being net profit attributable of the parent	519	356
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	113,186,301	61,168,034
Weighted average number of ordinary shares for the purpose of diluted earnings per share	124,182,558	62,626,821

Basic earnings per share includes shares to be issued subject only to time as if they had been issued at the beginning of the period.

10. Intangible assets

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Goodwill		
As at 1 July 2008	8,276	-
Recognised on acquisitions	181	8,264
Other	-	12
As at 30 June 2009	8,457	8,276
Intangibles		

Recognised on acquisitions	9	-
As at 30 June 2009	9	-

Goodwill comprises the following amounts :

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Boxall Sayer	3,263	3,263
Fletcher McNeill	3,107	3,107
Denley King	1,894	1,894
Sworn King	158	-
Nigel Rose	23	-
Other	12	12
	8,457	8,276

The Group tests annually for impairment. The recoverable amounts of the cash-generating unit (CGUs) are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes in selling prices and direct costs. Management estimates discount rates on the basis of current market assessments of the time value of money and the risks specific to the CGUs. Anticipated growth rates, changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The Group has prepared forecasts over the next five years, which have then been extrapolated for a further eleven years using estimated growth rates for each CGU, which average 5%. These rates do not exceed the long term growth rates for the relevant markets. The rate used to discount the forecast cash flows from all GSUs is 5%.

11. Property, plant and equipment

	Computers	Fixtures	Motor cars	Total
Cost				
As at 1 July 2008	67	92	110	269
Acquisitions	16	18	84	118
Additions	42	52	0	94
Disposals	(7)	(9)	(34)	(50)
As at 30 June 2009	118	153	160	431
Depreciation				
As at 1 July 2008	15	15	9	39
Charge for the year	35	35	32	102
Disposals	(7)	(7)	(28)	(42)
As at 30 June 2009	43	43	13	99
Net book value as at 30 June 2009	75	110	147	332
Net book value as at 30 June 2008	52	77	101	230

12. Trade and other receivables

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Trade receivables	1,680	1,406
Allowance for specific doubtful debts	(86)	(89)
	1,594	1,317
Other receivables	255	24
Prepayments and accrued income	1,747	1,547
	3,596	2,888

Trade receivables comprise amounts receivable from the provision of services.

The Directors consider that the carrying amount of trade and other assets approximates to their fair value.

13. Cash and cash equivalents

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Cash and cash equivalents	1,158	2,477

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

14. Trade and other payables: current liabilities

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Current		
Trade payables	399	268
Other payables	71	51
Other taxes and social security	389	394
Accruals	281	466
	1,140	1,179

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The average credit period is 53 days (38 days).

The Directors consider the carrying amounts recognised in the balance sheet to be a reasonable approximation of their value.

15. Borrowings

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Loan notes as at 1 July 2008	1,551	-
Loan notes issued during period	-	1,551
Loan notes repaid	(602)	-
Loan notes as at 30 June 2009	949	1,551
	Total £'000	Total £'000
Less than one year	600	600
Between one and two years	349	600
Between two and three years	-	351
	949	1,551

The loan notes were issued on 14 December 2007 following the acquisition by the Group of the three subsidiaries for cash. The vendors loaned the cash element received back to the Group. Loan notes bear interest at National Westminster Bank base rate plus 2.5%.

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Other Short Term Borrowings		
Overdraft of acquisition	123	-
As at 30 June 2009	123	-
Current borrowings	723	600
Non-current borrowings	349	951

16. Share Capital

Year to 30 June	Year to 30 June
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	2009	2008
	£'000	£'000
Authorised:		
250,000,000 ordinary shares of 5p each (2008 - 250,000,000).	12,500	12,500
Issued and fully paid (2008: 112,500,000)		
113,250,000 of 5p each	5,663	5,625
As at 30 June 2009	5,663	5,625

At the date of incorporation, the authorised share capital of the Company was £1,000 divided into 1,000 ordinary shares of £1 each, of which 2 ordinary shares of £1 were in issue.

By resolution of the shareholders of the Company passed on 10 December 2007 it was resolved to increase the share capital of the Company from £1,000 to £12,500,000 by the creation of 12,499,000 ordinary shares of £1 each. It was also resolved to subdivide and convert each ordinary share of £1 into 20 ordinary shares of 5p each.

At the time of the Company's admission onto AIM on 14 December 2007, 112,500,000 ordinary shares were issued for £5,625,000 at a nominal value of 5p each.

750,000 shares in Baqus Group plc amounting to £37,500 were issued upon the acquisition of Sworn King & Partners on 1 August 2008.

17. Share premium account

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
Premium on issue of shares	4,693	5,625
Issue of shares to promoters	-	(336)
Issue of shares	8	-
Expenses of 2007 issue received late	(11)	(596)
As at 30 June 2009	4,690	4,693

18. Retained earnings

	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000
As at 1 July 2008	297	-
Net profit for the year	519	356
Dividends	(181)	(59)
As at 30 June 2009	635	297

19. Share based payments

During the year and after the flotation on AIM, the Group set up the following share-based payment schemes:

Type of arrangement	Date granted	Option price	Number granted
EMI Share Options	21/04/2008	8.38p	6,930,363
Share Save Scheme:			
Three Year Scheme	18/06/2008	5.8p	1,315,986
Five Year Scheme	18/06/2008	5.8p	2,749,908
			10,996,257
		2009	2008
		Weighted average	Weighted average
	Number of options '000s	exercisable price £'000s	Number of options '000s exercisable price £'000s
Outstanding as at 1 July 2008	10,996	-	-
Granted	-	-	10,996
Forfeited	-	-	-
Exercised	-	-	-
Outstanding as at 30 June 2009	10,996	-	10,996
Exercisable as at 30 June 2009	-	-	-

20. Reconciliation of net cash flow to movement in debt

	Year to 30 June 2009	Year to 30 June 2008
	£'000	£'000
(Decrease)/Increase in cash in the year	(1,442)	2,477
Debt repaid/(taken on) in the year	602	(1,563)
Change in net debt	(840)	914

21. Analysis of changes in net debt for the year ended 30 June 2009

	01-Jul 2008	Cashflows	30 June 2009
	£'000	£'000	£'000
Cash at bank	2,477	(1,319)	1,158

Overdraft arising from acquisition	-	(123)	(123)
	2,477	(1,442)	1,035
Debt due within 1 year:			
Loan notes	(602)	-	(602)
Debts due after 1 year			
Loan notes	(949)	602	(347)
Total	926	(840)	86

22. Acquisitions

22.1 Acquisition of Sworn King and Partners

On 1 August 2008, the Group acquired the fixed assets, work in progress, goodwill and some payables of Sworn King Partnership. The fair value of the consideration given for the acquisition was £200,000. This was satisfied by the issue of 750,000 shares in Baqus Group plc amounting to £37,500 at a premium of £7,500. Baqus paid £155,000, with a further £50,000 deferred over a period of three years and £162,000 subject to Sworn King achieving certain profit targets over a three year period.

The fair value of the assets was £42,000 resulting in goodwill of £158,000 which has been capitalised as an intangible asset.

	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
Net assets acquired			
Property, plant and equipment	45	-	45
Trade and other receivables	17	-	17
Trade and other payables	(20)	-	(20)
			42
Goodwill			158
Total consideration			200
Satisfied by:			
Shares issued			45
Cash			155
			200

22.2 Acquisition of Nigel Rose LLP

On 30 June 2009, the Group acquired the assets and liabilities of Nigel Rose LLP and Nigel Rose Management Ltd. The fair value of the consideration given for the acquisition was £152,000. Of this total £23,000 has already been satisfied in cash and the balance of £129,000 is to be satisfied by deferred consideration payable on 30 September 2010.

The fair value of the assets was £152,000.

	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
Net assets acquired			
Property, plant and equipment	73	-	73
Trade and other receivables	478	-	478
Cash and cash equivalents	1	-	1
Trade and other payables	(104)	-	(104)
Obligations under finance leases	(60)	-	(60)
Current tax liabilities	(87)	-	(87)
Borrowings	(123)	-	(123)
Provisions		(49)	(49)
Good will			23
Total consideration			152
Satisfied by:			
Deferred consideration			129
Cash			23
Total			152

The report and accounts for the year ended 30 June 2009 will be posted to shareholders shortly and will be available on the Company's website, www.baqus.co.uk.

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