Company Registration No. 08988813 (England and Wales)

Aquila Services Group plc

Annual report and financial statements for the year ended 31 March 2018

Contents

Directors and Advisers

Directors	Derek Joseph	Chairman
	Dr Fiona Underwood	Co-Chief Executive
	Steven Douglas	Co-Chief Executive
	Susan Kane	Group Finance Director
	Richard Wollenberg	Non-Executive Director
	Jeffrey Zitron	Non-Executive Director
Company Secretary	Dr Fiona Underwood	
Registered office	Tempus Wharf 29A Bermondsey Wall West London SE16 4SA	
Independent Auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE	
Corporate Advisor	Beaumont Cornish Limited 2nd Floor Bowman House 29 Wilson Street London EC2M 2SJ	
Bankers	National Westminster Bank plc 50 High Street Egham Surrey TW20 9EU	
Registrars	Neville Registrars Neville House 18 Laurel Lane Halesowen B63 3DA	
Company Number	08988813	
Company website	www.aquilaservicesgroup.co.uk.	

Chairman's Statement

Dear Shareholder,

I am pleased to present the annual report and the Financial Statements for the year to 31 March 2018.

Aquila Services Group plc (''the Company''), is the holding company for Altair Consultancy & Advisory Services Limited (''Altair'') and Aquila Treasury and Finance Solutions Limited ("ATFS") (formerly known as Murja Limited), which form the Group (''the Group'').

The Group is an independent consultancy specialising in the provision, financing and management of affordable housing by housing associations, local authorities, government agencies and other non-profit organisations, as well as high level business advice to the commercial property sector.

Group Members

Altair Consultancy and Advisory Services Limited

Altair is a specialist management consultancy providing professional services to local authorities, housing associations, charities, property companies, regulators and government departments. The consultancy covers the whole of the United Kingdom and, during the year under review, has consolidated its presence in the Republic of Ireland and further resourced its client base in the Midlands and North of England. Altair advises on all aspects of the development and management of affordable housing for rent and sale, and on the effective management of organisations operating in this sector. During the year, Altair completed five major consulting assignments in Africa with two further ongoing. This expansion has led to the establishment of a specialist team to bid for further work.

In October 2017, the company acquired the development consultancy and financial modelling services business of pod LLP and pod Partnership for a consideration of £1.7m for cash and the issue of new equity. This increased in-house capability by a team of 13 experienced consultants and is expected to boost turnover in a full year by a sum in excess of £1m.

Aquila Treasury and Finance Solutions Limited

ATFS is a specialist treasury management consultancy authorised and regulated by the Financial Conduct Authority. ATFS advises local authorities, housing associations, higher education bodies and other clients on their capital funding requirements and supports them in securing and managing debt finance. The business operates through contracts as retained general treasury advisers with a significant number of clients, and specific advisory projects on which fees are generated according to agreed milestones.

Investments

In March 2018, Aquila acquired two minority stakes in 3C Consultants Limited and AssetCore Limited respectively, companies involved in the provision of IT consultancy and a cloud-based platform to manage loan security. The total cost was approximately £348k. In addition to the investment in 3C, Steve Douglas, our Co CEO, joined the board as a non-executive director.

The investment in AssetCore represents around 8% of its enlarged equity and was part of a £500,000 cash injection to expand the platform already used by ten major housing associations. I, and non-executive director Richard Wollenberg, have also invested similar amounts and now each hold 8% of the enlarged equity. I have also been appointed Chair of the company following the completion of the equity issue. It is part of the Aquila Group's continuing strategy to establish a presence as the key player in direction of IT services to the sector.

Business Review

At the half year, I reported on the investment by the Group in resources to ensure the recruitment and retention of staff, the acquisition of pod, the launch of Altair Africa and our adjustment to the management structure that better reflected the workstreams following changes in government policy and client demand. This investment in resources was reflected in a reduction in operating profit for the six months ended 30 September 2017. We have confidence that this investment will support future expansion. The results for the 12 months show both turnover and operating profit matching the previous year reflecting the improved performance in the second half.

The financial health of the affordable housing sector and its willingness to invest in both growth and business opportunities is dependent on government housing and economic policy. The sector principally finances itself through borrowings, particularly on the capital markets where public policy is a key component of the credit risk. The availability of skilled construction personnel and land availability are critical to growth, as is a stable and active residential property market where sales of completed housing provide cross-subsidy for affordable provision. Demand for the Group's services is partly dependent on the confidence of our clients in making new investments. To date, the UK economy has stood up well against the projections of the impact of Brexit, but there still remains a residue of political and economic uncertainty in Europe.

The need for more affordable housing has moved up the political agenda and most opinion polls indicate that this is now a much more important concern to the wider population. The tragedy at Grenfell has highlighted some of the worst deficiencies but it is yet to be seen whether either will generate increased investment in more and better affordable housing, as well as remedying some of the poor investment decisions of the past.

During the year the Group has seen some increases in demand for its services, particularly in the areas of governance and financial oversight, as well as reviewing the quality and impact of our clients ongoing operational services. The expanded property team have been kept busy as clients investigate more complex development opportunities and ATFS assists medium sized players who are keen to utilise their available assets to support growth.

The Group investment in 3C and AssetCore is a stepping stone into one of the fastest growing areas of the sector where larger organisations are having to deal with increasing volumes of transactions, increasing regulations concerning the holding and management of data and the expectation of a more immediate and efficient response to our clients' tenant base.

The resources invested in the creation of Altair Africa are now generating both turnover and profits. This allows us to start to diversify our income stream while still concentrating on our core skills. At this stage, we are only a small player in a very large market and it will be important to consolidate our presence. Many of the contracts on offer require us to partner with existing players, particularly those with local presence and physical property skills.

Chairman's Statement

Financial results

For the year to 31 March 2018, Group turnover was £5.905m (2017: £5.928m). Altair's consultancy and interim management business contributed £5.320m (2017: £5.456m) and ATFS's £0.585m (2017: £0.472m).

Gross profit was £1.562m (2017: £1.475m) with operating profit, before share option charges, of £660k (2017: £658k). Operating profit took into account investment in new staff and resources for Altair and ATFS to meet growing and changing demand, particularly, in the North of England, Midlands and Scotland. Profit after tax, attributable to shareholders, was £405k (2017: £404k) and earnings per share was 1.20p (2017: 1.24p).

The comparison between this reporting period, the mid-year results and the previous year's results for the Group are as follows:

	Year ended 31 March 2018 (audited) £000s	**6 months to 30 September 2017 (unaudited) £000s**	**Year ended 31 March 2017 (audited) £000s**
Turnover	5,905	2,524	5,928
Gross profit	1,562	676	1,475
Operating profit (before share option charge)	660	263	658
Share option charge	135	70	148
Operating profit (after share option charge)	524	193	510

The Group has a strong balance sheet with £970k in cash deposits as at 31 March 2018.

Dividend

The directors propose a final dividend of 0.55p per share (2017: 0.50p), making a total dividend for the year of 0.81p per share (2017: 0.74p), an increase of 9.5% compared to 2017. This will be payable on 3 August 2018 to shareholders on the register at 20 July 2018.

Outlook

The outlook for the Group remains positive. The affordable housing sector is a key market for the Group. The continued political pressure to deliver more homes and the impact of the Grenfell tragedy, coupled with economic stability prior to the conclusion of the Brexit negotiations has meant that housing organisations require more of the services provided by Aquila. However, any major setback could harm confidence.

Our decision to invest in skills and resources has started to show a beneficial impact. The investment in the technology companies and the setting up of Altair Africa will widen both the range of services and client opportunities whilst making the Group more resilient.

The Group will continue to work with housing providers of all types, including housing associations, local authorities, house builders and private sector providers. We will support their growth, helping them change to improve and supporting their resilience to the current and future operating environment. This coupled with our constant engagement with the policy landscape ensures that we are able to provide credible, innovative and practical solutions to our client needs.

Chairman's Statement

The increasing profile of public and political debate around the funding of care and support services will also provide opportunities as well as threats for a number of our clients; we will be developing our services to provide support in this area.

We continue to investigate acquisitions and other opportunities to increase the scope and depth of the business.

May I take the opportunity to record my thanks to my fellow directors, executive team and staff of the Group. As a people-business, the Group is dependent on their enormous commitment and expertise. I look forward to reporting further progress as part of the half year results.

Derek Joseph - Chairman
27 June 2018

Our business

The Group comprises the holding company Aquila Services Group plc (‘‘the Company’’) and two trading subsidiaries, Altair Consultancy and Advisory Services Limited (“Altair”) and Aquila Treasury and Finance Solutions Limited (“ATFS”) (formerly known as Murja Limited).

Altair

Altair provides support services to enable organisations to carry out their activities in a more efficient manner. It helps manage complex and diverse organisations through periods of significant change, driving service improvement and delivering creative solutions. Altair’s traditional client base includes housing associations, developers and regeneration specialists, charities and local authorities. Our client base also includes government departments, statutory bodies, financial institutions and other private commercial institutions.

Within the housing sector, Altair provides a broad range of advisory and consultancy services to its clients covering areas such as general management, high level executive recruitment, corporate governance, financial planning, management strategy, organisational improvement and training. The acquisition of pod has created further opportunities to expand our development and regeneration offering.

We have strong relationships with the English Regulator (the Regulator of Social Housing), Greater London Authority, Welsh Government, the Scottish Regulator, the Irish Housing Regulator and the Irish Council for Social Housing. Altair’s services also cover the application of government strategies to increase the supply of affordable housing both for rent and home ownership as well as local government initiatives encouraging the transfer of public sector housing to independent vehicles.

Altair has created a specialist bid team to enable our expansion into Africa. The work has focused on assisting governmental and international institutions interested in the provision of affordable housing in countries such as Nigeria and Rwanda.

ATFS

ATFS specialises in providing advice to organisations principally involved in the affordable / social housing and education sectors in respect of debt and financial risk management. Continued pressure to deliver more homes and fundamental changes in the financing markets mean there is strong and growing demand for specialist treasury advisory services, with increasing emphasis on funding from the capital markets and other sources of long-term capital.

Housing associations and local authorities are becoming involved in more complex legal, commercial and financial structures particularly with housebuilders and private sector developers in joint ventures. As clients face new risks, Altair’s products and services complement ATFS’ core advisory activity providing opportunity for growth of a comprehensive financial and commercial advisory service.

Strategy and Objectives – Leadership, Quality, Insight

The strategy and objectives of the Group are:

- Provide high quality consultancy advice and support to organisations operating within or aligned to the public sector, specifically those that govern, manage, regulate or build houses.
- Continue to seek out acquisitions and investments which will expand our range of services and scope of business to increase our ability to be a one-stop shop of professional support services for the clients of our subsidiary companies.
- Attract and retain employees by providing a great place and environment to work and enable employee participation and reward through equity participation.
- To increase our client base nationwide.
- Encourage innovation through the development of new products.
- To continue exploring the opportunities that are occurring as a result of the Group's expertise in overseas markets

Review of the Business

The year under review has achieved the following financial results.

The Group saw a 0.39% decrease in turnover on 2018. This reflected some growth in Altair's housing consultancy, specifically through the acquisition of pod, which was countered by a decline in revenue of interim management business through a tightening of IR35, some consolidation in the sector and the continued impact of the government's policy of rent reduction for the sector.

Gross profit for the Group rose by over £87k (5.9%). Altair has made a substantial investment in its acquisition of pod, its IT infrastructure and staff over the year in anticipation of future growth; the Board anticipates that this investment will aid future profit growth. The Group is in a very strong net asset position, with £970k in cash held at 31 March 2018.

The underlying business remains strong and there has been continued growth of the client base in the consultancy business in the Midlands, the North of England and Ireland.

The Group is benefiting from our acquisitions and investments and this year we have seen an increase in opportunities arising from being able to offer consulting and treasury advice to our clients both in the United Kingdom and Ireland. Our work in Africa demonstrates our ability to transfer our expertise internationally and we continue to seek international opportunities using the bid team we have created for this purpose. In the first year, this area of the business has been profitable.

We have assisted clients with their response to the tragic events following Grenfell and continue to work closely with them as policies evolve. We await the issue of the Housing Green Paper later this year and are reviewing the outcomes within the Dame Judith Hackett Report as to how this will affect our clients. The government's focus on the delivery of 300,000 new homes per year is challenging and the acquisition of pod has helped position Altair to respond proactively to clients as they seek to increase their development capability and capacity. The demand for the increase in new homes has meant some consolidation in the sector and we have advised clients through mergers and acquisitions.

We continue to seek out research opportunities to help inform the decision makers throughout the sector and government and, for the year under review, we have worked with the Joseph Rowntree Foundation developing and publishing a suite of reports that examined the links between housing and poverty and an individual's life experiences; the Altair/ J RF Housing and Poverty Prevention Project. We published a major report, Building Bridges, which examined how local authorities and housing associations could better work together through partnerships.

Altair is one of the major partners in the Leadership 2025 campaign, Creating a more diverse leadership across the housing sector. This work is supported by BME London, L&Q, and Optivo. Altair has continued to expand its consultancy capacity through its acquisition of pod and through recruitment of new consultants focusing on increasing its national coverage and developing new products and services to reflect the changing operational and political environment of our clients. As organisations embrace new ways of working and communicating with their customers, our continued partnership with 3C, a specialist IT consultancy company, has strengthened our offer to our customers, specifically the Organisational Excellence product. Altair has also provided Human Resource and Personnel services to clients through retained contracts during the year. The interim business has experienced a weaker market, IR35 has had an impact on how housing organisations and local authorities cover their short-term vacancies. This has led to a reduced income from this stream of work. The core recruitment business remains strong and the client base continues to grow in number and range.

ATFS similarly expanded its treasury advisory offering with increasing focus on advisory assignments for the capital markets, and private placements in particular. ATFS also strengthened its presence in Ireland winning renewal of a three-year contract providing services to the Housing Finance Agency plc in Dublin as the Irish social housing market grows with increasing focus on funding construction of new housing.

The company continues to have a strong presence in Scotland, reinforced with the appointment of a full-time Director based near Edinburgh. The Scottish government has a significant programme for delivery of new homes, creating increasing demand for advisory services on new debt funding and capital markets access.

The comparison between this reporting year, the mid-year results and the last reporting year are set out below:

	Year ended 31 March 2018 (audited) £000s	**6 months to 30 September 2017 (unaudited) £000s**	**Year ended 31 March 2017 (audited) £000s**
Turnover	5,905	2,524	5,928
Gross profit	1,562	676	1,475
Operating Profit	524	193	510

Operating profit is after charging share option expense as follows:

Share option charge	135	70	148

The Group has not identified any post balance sheet events, as set out in note 27 to the Financial Statements.

The Group will also continue to look at opportunities to expand its consultancy base through acquisition to offer an increased scope of services and products to our clients.

Key Performance Indicators

The Group monitors its key performance indicators (KPI's) regularly and these are set out below:

	Revenue	Gross profit	Earnings per share
2018	5,905,221	1,561,765	1.20p
2017	5,928,201	1,474,735	1.24p

	Number of clients	Number of New clients	Client retention rate (%)
2018	225	77	66
2017	212	72	64

Principal Risks and Uncertainties

The principal risks currently faced by the Group are:

Financial Instruments

The main financial risks arising from the Group activities are credit risk, foreign currency risk and interest rate risk details of which can be found in Note 26 to the Financial Statements.

Unfavourable economic conditions and / or changes to government policy

The Group's operating results and its financial condition may be negatively affected by a downturn in the general economic climate within the UK which consequently may have adverse effect upon government policy and spending, and private sector investments.

A reduced level of economic activity will restrict the amount of outsourcing by companies, local authorities or other bodies and result in the restriction of funding available for the purchase of such services leading to a decline in the number of firms in the sector and their profitability.

The continuing Brexit negotiations and the immediate aftermath of the United Kingdom leaving the European Union could lead to a period of uncertainty and this may cause clients to review their spending with consultancy providers and lead to a reduction in projects.

The focus on IR35 within the interim market for public sector bodies has caused a softening of the interim market within government and local authorities. Clients are carefully reviewing their spend and methods of resourcing, turning to new and alternative models.

Reduction in government investment and funding

The Group's future revenues and profitability will be dependent on the current UK Government's policy with regard to expenditure on service and social housing improvements and to public expenditure levels in general. The introduction of policies to restrict the income for housing providers is a risk that the Group is monitoring closely.

The Grenfell tragedy has meant that organisations have invested in remedial works, and, although the Government has indicated there is some money available for recladding of tower blocks, this has been provided from the Affordable Housing Programme, which provides the grant to clients who are developing new houses. This additional investment is likely to have an impact on development and regeneration programmes for our clients, although the funding will be reinstated in the 2022 Programme.

A change in the political environment relating to regeneration, specifically in the major cities, could dampen private developer appetite and this would have an impact on our clients.

The UK Government and local authorities may decide in future to change their programmes and priorities including reducing present or future spending and investment where the Group would expect to compete for work.

Competition

The contracts and procurement arrangements under which companies operating in these sectors compete for new business can lead to a higher cost of procuring new contracts and the possibility of not meeting fully the terms of contracts leading to reduced margins.

Staff skills, retention, recruitment and succession

The success of the Group is dependent on retaining, developing, motivating and communicating with senior management and personnel and, as the business grows, on recruiting appropriately skilled, competent people at all levels. Any shortages in the availability of appropriately skilled personnel may have a negative effect on the Group. The Directors of the subsidiaries are expected to contribute to its ability to obtain, generate and manage opportunities.

If the Group cannot successfully attract, retain and motivate such personnel, it may not be able to maintain standards of service or continue to grow its businesses as anticipated. The loss of such personnel, or the inability to attract, retain, motivate and communicate with additional skilled employees required for their activities within an affordable cost base, could have an adverse effect on the Group's business and prospects.

Data Governance

The increase of cyber-attacks and the loss of data is a key risk that is monitored closely. The Group complies with all relevant legislation and has invested in updated systems, security and training during the year.

The Group seeks to mitigate all these risks through ensuring that it monitors changes in statutory, regulatory and financial changes and maintains good relationships with its principal contacts within government, regulators and other key influencers within the sector.

The Group is well placed to provide the full range of services needed by housing providers as the external environment changes and the outlook for the business continues to be positive. A continued understanding of its position in the market and delivering value for money to clients will ensure that services and products remain competitive. In addition, the Group will ensure that its people policies are refreshed and follow good practice so that it can continue to attract and retain excellent staff.

Employees

A split of our employees and directors by gender as at the end of the year is shown below:

	Male	Female
Directors of the Company	**4**	**2**
Directors of subsidiary companies not included in above	3	-
Employees in other senior management positions	2	3
Total senior managers other than directors of the Company	**5**	**3**
Other employees of the Group	14	17
Total employees of the Group	**23**	**22**

The Group consults with its employees on a regular basis through direct updates and conducts an annual review of staff; results are reviewed and discussed by the Directors and an action plan agreed and discussed with all staff. The Group invests in training and developing its employees through both internal and external courses.

The Group follows the legislative requirements set out in the Equality Act 2010 which covers all aspects of equality and diversity, replacing previous legislation covering equal pay, sex, race and disability discrimination. The Group gives due consideration to all applications and provides training and the opportunity for career development wherever possible. The Board is also mindful of the Human Rights Act 1998.

Environment

We understand and effectively manage the actual and potential impact of our activities. The Group's operations are conducted such that compliance is maintained with legal requirements relating to the environment.

Corporate and Social Responsibility

The Group recognises that we have a responsibility to ensure the impact of our business is positive, and that we are good corporate citizens. We focus our corporate and social responsibility in four key areas; sustainability, staff, charitable giving, and supporting communities.

- We are committed to treating with respect and dignity those we work with.
- We are committed to honesty and transparency in our communication with staff, external stakeholders, and customers.
- We recognise the importance of reflecting our clients and networks within the housing sector and seek to promote diversity and inclusion in all our activities.
- The Group considers a strategic approach to diversity and inclusion is imperative to creating an environment that supports its talented and highly valued people. Our approach is based on inclusivity, enabling those we work with, and those who work for us to achieve their potential.
- We ensure those we work with are provided with equitable fair opportunities, and do not discriminate on the basis of age, gender, sexuality, disability, ethnicity, or any other protected characteristic listed in the Equality Act 2010.

- We aim to work actively with our suppliers to ensure they meet our values and have sustainability issues at the heart of every decision.
- We are conscious of our responsibilities to minimise the environmental impact of our activities and to behave in a sustainable manner.
- We know that, as corporate citizens, we have a responsibility to the broader community. We work with our stakeholders to understand community priorities and reflect these in our activities.
- We work with organisations whose customers include some of the most vulnerable in society. We are committed to supporting our clients to contribute to their communities and consider the impact of their plans on their stakeholders.
- We recognise that our staff are the most valuable asset to our organisation. Our employment policies across the Company seek to exceed mere compliance with relevant legislation, to create a working environment that embraces diversity and offers fairness and equality of opportunity throughout our workplace.
- Aquila will support the development of all its staff, particularly those from diverse backgrounds. We will challenge inappropriate and discriminatory behaviours and will continually assess our progress against organisations inside and outside of sector.
- We support and encourage our staff to engage in the governance of organisations within our spheres of influence, for example by holding non-executive directorships of charities or not for profit organisations.

During the year, we continued our commitment to supporting a vibrant and inclusive leadership within the housing sector. Altair has been providing extensive support to the **Leadership 2025** programme. Altair, L&Q, Optivo and BME London, in partnership with Roffey Park Business School, joined forces to develop this leadership programme aimed at senior leaders from BME backgrounds. At its heart, Leadership 2025 aims to support and empower BME senior professionals to become sector leaders of the future. Leadership 2025 seeks to positively disrupt the housing sector by challenging current perceptions.

Altair were commissioned to carry out a research project identifying where the sector stands in terms of diversity representation, developing a business case for diverse leadership, scoping what the sector can learn from its past and present leaders and from other sectors and highlighting what changes the sector should make now. To enable the step-change necessary to break down these existing barriers, the review set out a number of ambitious but practical recommendations, which have been distilled as a five-point plan. Aquila has committed to implementing the plan and report to the Board on progress.

Leadership 2025 and the research report was launched in November 2017 at City Hall, with the support of the Mayor of London.

Going Concern Basis

The Board updates its three-year business plan annually which includes a review of the company's cash flows and other key financial ratios over the period. These metrics are subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecast both individually and in unison. Where appropriate, this analysis is carried out to evaluate the potential impact of the company's principal risks actually occurring. The three-year review also makes certain assumptions about the normal level of capital investment likely to occur and considers whether additional financing facilities will be required.

Based on the results of this analysis, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment, and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dr Fiona Underwood – Co-Chief Executive

27 June 2018

Directors Report

The Directors present their report and consolidated financial statements for the year ended 31 March 2018.

Aquila Services Group plc is incorporated as a public limited company and is registered in England and Wales with the registered number 08988813. Details of the Company's issued share capital, together with the details of the movements during the year are shown in note 17. The Company has one class Ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. Details of employee share schemes are set out in note 20.

Principal activities

The principal activities of the Group are the provision of specialist housing and treasury management consultancy services. The principal activity of the Company is that of a holding company which manages the Group's strategic direction.

Results

The results for the Group for the year ended 31 March 2018 are set out from page 40.

Dividends

The directors recommend a final dividend of 0.55p per Ordinary share to be paid on 3 August 2018 to shareholders on the register at 20 July 2018 which, together with the interim dividend of 0.26p paid on 22 December 2017, makes a total of 0.81p for the year.

Directors

The following served as directors of the Company during the period or thereafter:

Derek Joseph	Chairman
Steven Douglas	Co-Chief Executive
Fiona Underwood	Co-Chief Executive and Company Secretary
Susan Kane	Group Finance Director
Richard Wollenberg	Non-Executive director
Jeffrey Zitron[1]	Non-Executive Director

[1] Jeffrey Zitron was chairman up until 17 July 2017

Substantial Shareholdings

As at 31 March 2018, the Company was aware of the following notifiable interests in its voting rights:

	Number of Ordinary shares	Percentage of Voting rights	Nature of holding
Richard Wollenberg*	3,808,406	10.8%	Direct
Chris Wood	3,279,440	9.3%	Direct
Susan Kane	3,279,440	9.3%	Direct
Fiona Underwood**	3,279,440	9.3%	Direct
Steven Douglas	3,144,305	8.9%	Direct
Derek Joseph	3,005,538	8.5%	Direct
Jeffrey Zitron	2,798,403	7.9%	Direct
Matt Carroll	1,307,229	3.7%	Direct
Hannah Breitschadel	1,307,229	3.7%	Direct

*Includes shares held by immediate family members of Richard Wollenberg
**Fiona Underwood's shares are held in a nominee account at Old Mutual plc

The Company is not aware of any changes to the above holdings between 31 March 2018 and the date of this report.

Corporate Governance Statement

The Directors report incorporates the Corporate Governance Statement set out on pages 18 to 20.

Powers of Directors

Subject to the Company's Articles of Association, UK legislation and any directions given by special resolution, the business of the Company is managed by the Board of directors. Details of the matters reserved for the Board can be found in the Corporate Governance Statement on pages 18 to 20.

Post balance sheet events

Post balance sheet events are disclosed in note 27.

Political Donations

The Group / Company made no political donations during the period.

Data Protection

The Group / Company is compliant with the Data Protection Act 1998 and the General Data Protection Regulation (Regulation (EU)2016/679). The updated policies are available on http://aquilaservicesgroup.co.uk.

Greenhouse Gas Emissions

The Group / Company has, as yet, minimal greenhouse gas emissions to report from the operations of the Company and its subsidiaries and does not have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2014.

Auditor

Saffery Champness LLP have expressed their willingness to remain in office as Auditor and, in accordance with section 489 of the Companies Act 2006, a resolution that Saffery Champness LLP be re-appointed will be proposed at the Annual General Meeting.

Requirements of the Listing Rules

The following table provides references to where the relevant information required by listing rule 9.8.4R is disclosed:

Listing Rule requirement	
Details of long term incentive schemes as required by Listing Rule 9.4.3R	see Directors' Remuneration Report
Details of any arrangement under which a director of the Company has waived emoluments from the Company	No such waivers
Details of any allotment for cash of equity securities made during the period otherwise than to the holders of such equity shares in proportion to their holdings of such equity shares and which has not been specifically authorised by the Company's shareholders	No such allotments
Details of any contract of significance subsisting during the period to which the Company, or one of its subsidiary undertakings, is a party and in which a director of the Company is or was materially interested.	No such contracts
Details of any contract of significance subsisting during the period between the Company, one of its subsidiary undertakings, and a controlling shareholder.	No such contracts
Details of contracts for the provision of services to the Company or any of its subsidiary undertakings by the controlling shareholder.	No such contracts
Details of any arrangement under which a shareholder has waived or agreed to waive any dividends, where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review.	No such waivers

Auditor Information

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

Dr Fiona Underwood – Co-Chief Executive

By order of the Board

27 June 2018

The Corporate Governance Statement forms part of the Directors' Report.

The Board is committed to maintaining appropriate standards of corporate governance. The statement below, together with the report on directors' remuneration on pages 21 to 31, explains how the company has observed principles set out in The UK Corporate Governance Code ("the Code") as relevant to the company and contains the information required by section 7 of the UK Listing Authority's Disclosure Rules and Transparency Rules.

The Company is not required to comply with the Code. Given the current size and resources of the Group, the Company has decided not to apply the Code provisions in full. A copy of the Company's corporate governance practices is available on the Company's website www. aquilaservicesgroup.co.uk.

Board of Directors

The Board currently consists of three non-executive directors and three executive directors. The Board determines that Richard Wollenberg and Jeffrey Zitron are independent non-executive directors; its assessment is based on the fact that Richard Wollenberg and Jeffrey Zitron do not receive any additional benefits from the Group.

Derek Joseph became Chair during the year taking over from Jeff Zitron, who remains an independent non-executive director. After taking up the role, an opportunity arose for the Group to open-up further markets for its services in Africa. As Derek has experience in this market, he has initially taken on responsibility for helping the Group develop this new business. Additional staff members have been recruited to further develop this business and to take on the leadership responsibility. Whilst carrying out these tasks, it has been agreed to remunerate the Chair through a proportion of the fees he earns for the Group and in the year to 31st March 2018 these totalled £4,620.

The Board meets regularly with senior staff throughout the year to discuss areas of operational performance, trading outlook and growth opportunities. The Board met 10 times during the year.

Internal financial control

Financial controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use. Key financial controls include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the Board; and
- evaluation, approval procedures and risk assessment for acquisitions.

The directors consider the size of the Group and the close involvement of executive directors in the day-to-day operations makes the maintenance of an internal audit function unnecessary. The directors will continue to monitor this situation.

Committees

The Group has three committees; Audit, Remuneration and Nominations with membership of:

	Audit Committee	Remuneration Committee	Nominations Committee
Derek Joseph	✔	✔ *	✔ *
Richard Wollenberg	✔ *	✔	✔
Jeffrey Zitron	✔	✔	✔
Steven Douglas	-	-	✔
Fiona Underwood	✔	-	-

*Committee Chairman

Audit Committee

The audit committee, which is chaired by Richard Wollenberg, comprises all three of the independent non-executive directors, and the Company Secretary. The Board is satisfied that Richard Wollenberg has recent and relevant financial experience to guide the committee in its deliberations.

The primary responsibilities of the Audit Committee are:

- to monitor the financial reporting for the annual and half-yearly reports, challenging where necessary to ensure appropriate accounting standards have been met;
- review the internal controls and risk management systems;
- review the compliance, whistleblowing and fraud polices for the organisation;
- make recommendations to the Board and shareholders in relation to the appointment, reappointment and removal of the external auditors; and
- meet regularly with the external auditor, review and approve the annual audit plan and review the findings of the audit with the external auditor.

The committee will meet with the external auditor to consider the results, internal procedures and controls, and matters raised by the auditor. The audit committee considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees. It is a specific responsibility of the audit committee to ensure that an appropriate relationship is maintained between the company and its external auditor. The company has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded. This control is exercised by ensuring non-audit projects where fees are expected to exceed £5,000 are subject to the prior approval of the audit committee. At least one of the members has relevant recent financial experience.

As part of the decision to recommend to the Board the re-appointment of the external auditor, the committee takes into account the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the committee’s choice of external auditor.

Nominations Committee

The primary responsibilities of the Nominations Committee are:

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board;
- give full consideration to succession planning for directors and other senior executives;
- keep under review the leadership needs of the organisation, both executive and non-executive;
- identifying and nominating, for the approval of the board, candidates to fill the board vacancies as and when they arise;
- make recommendations to the Board and shareholders in relation to the appointment, reappointment and removal of the external auditors; and
- evaluate the balance of skills, knowledge, experience and diversity on the board before any appointment is made by the board, and, in the light of this, prepare a description of the role and capabilities required for a particular appointment.

The Nominations Committee, in conjunction with Board meetings, met several times during the financial year.

Remuneration Committee

The primary responsibilities of the Remuneration Committee are:

- setting the remuneration policy for executive and non-executive directors, including pension and compensation payments. No-one can be involved in their own remuneration process;
- recommending and monitoring the level and structure of senior management remuneration;
- reviewing the ongoing relevance of remuneration policy;
- approving and determining targets for any performance-based pay schemes;
- ensuring contractual terms of termination are fair; and
- overseeing any major change in employee benefits.

The Remuneration Committee met four times during the year.

The report of the Remuneration Committee is set out on pages 21 to 31 of this report.

Relations with shareholders

Presentations are given to institutional investors when requested, normally following the publication of the half year and full year results, when interim and annual reports are sent to all shareholders. The results of such meetings are discussed with board members. All directors attend the Annual General Meeting at which they have the opportunity to meet with shareholders.

Directors' Remuneration Report

The information provided on this page of the Directors' Remuneration Report is not subject to Audit.

The report is split into three main areas:

- Statement from the Chairman
- Annual Report on Remuneration
- Policy Report

Remuneration Committee membership

Derek Joseph	Chairman
Richard Wollenberg	Non-Executive Director
Jeffrey Zitron	Non-Executive Director

Statement from the Chairman

I am pleased to present the Annual Report on Remuneration for the year ended 31 March 2018.

The Remuneration Committee has used the remuneration policy to specifically link to the performance of the Group as a framework to set remuneration levels. Executive directors do not participate in decisions regarding their own remuneration. The committee has access to independent advice but during the year under review they have not sought such advice.

In setting the company's remuneration policy for directors, the Remuneration Committee has given full consideration to the best practice provisions annexed to The Financial Conduct Authority Listing Rules and the report has been prepared in accordance with Chapter 6 of the Companies Act 2006 and the Directors' Remuneration Report Regulations 2013.

The Remuneration Committee met four times during the year to discuss the remuneration policy and aspects of the remuneration for the directors and Chair of the Group. The remuneration policy was updated to reflect a more flexible approach to the bonus arrangements for the Co-Chief Executives as they have taken on increased responsibilities with the growth of the Group. The Remuneration Committee also agreed to increase the salaries of the Co-Chief Executives in-line with the market. The Committee agreed a revision to the remuneration of the Group Finance Director to take account of her reduced hours. The Chair's remuneration has increased to reflect the increased time commitment required with the growth of the Group.

The remuneration policy is designed to attract and retain executive directors and to motivate them in delivering the objectives of the Company. The underlying principle is that employee and director share ownership is encouraged, and the remuneration policy provides opportunity to reward employees who have met their financial targets and contributed to the wider success of the business. This is achieved through the award of share options. This links their personal interest to the success of the company.

Derek Joseph - Chairman of the Remuneration Committee

27 June 2018

Directors' Remuneration Report

The information provided on pages 22 to 24 of the Directors' Remuneration Report is subject to audit.

Annual Report on Remuneration

The remuneration of the **executive** directors is made up as follows:

Directors' remuneration as a single figure (2018)

	Salary and fees	All taxable benefits	Annual bonuses	LTIP	Pension	Total
	£	£	£	£	£	£
Steven Douglas	110,000	1,169	15,000	-	6,300	132,469
Fiona Underwood	110,000	1,389	15,000	-	6,300	132,689
Susan Kane	59,950	1,389	-	-	-	61,339
	279,950	3,947	30,000	-	12,600	326,497

Directors' remuneration as a single figure (2017)

	Salary and fees	All taxable benefits	Annual bonuses	LTIP	Pension	Total
	£	£	£	£	£	£
Derek Joseph*	2,500	-	-	-	-	2,500
Steven Douglas	105,000	1,288	-	-	6,000	112,288
Fiona Underwood	105,000	1,513	-	-	6,000	112,513
Richard Murphy	36,758	-	-	-	-	36,758
Susan Kane	78,750	1,571	-	-	-	80,321
	328,008	4,372	-	-	12,000	344,380

The remuneration of the **non-executive** directors is made up as follows:

Non-executive directors' remuneration as a single figure (2018)

	Salary and fees	All taxable benefits	Annual bonuses	LTIP	Pension	Total
	£	£	£	£	£	£
Derek Joseph*	10,953	-	-	-	-	10,953
Richard Wollenberg	4,000	-	-	-	-	4,000
Jeffrey Zitron	5,107	-	-	-	-	5,107
	20,060	-	-	-	-	20,060

*Included within the fees for Derek Joseph are £4,620 of consultancy fees.

Directors' Remuneration Report

Non-executive Directors' remuneration as a single figure (2017)

	Salary and fees	All taxable benefits	Annual bonuses	LTIP	Pension	Total
	£	£	£	£	£	£
Derek Joseph*	3,000	-	-	-	-	3,000
Richard Wollenberg	4,482	-	-	-	-	4,482
Jeffrey Zitron	7,500	-	-	-	-	7,500
	14,982	-	-	-	-	14,982

*Derek Joseph held the role of Group Finance Director from 19 August 2015 to 27 June 2016 then a non-executive role from 28 June 2016.

The taxable benefits above represent private medical insurance.

Executive Incentive Scheme

All the executive directors of the Group's subsidiaries benefit from the executive incentive scheme ("the scheme"). Where a subsidiary is acquired during the reporting period, the Remuneration Committee (RemCo) confirms the eligibility or not of that subsidiary's executive directors for participation in the scheme for the remaining part of the year. For the year under review, the executive directors of both Altair and ATFS were eligible for the executive incentive scheme.

The scheme, which is discretionary, is dependent on the performance target for the year, as set out in the remuneration policy. The scheme comprises two elements:

1. An unconsolidated bonus award of up to 30% of basic salary, and
2. A share option award of up to £100,000 (based on the mid-market share price on the date the accounts are signed) which forms part of the long-term incentive plan (LTIP) of the scheme.

The target for those eligible executive directors, in-line with the 2016 revised policy, was to achieve the Group's 2017/2018 outturn (reported profit before tax and exceptional items) plus 10%, adjusted for any one-off costs and expenses.

2017/18 Award

RemCo assessed the performance of the Group executive directors against the target and the Committee's decision is shown below.

	Performance Target Aquila 2017 profit increased by 10%[2]	Actual Performance Aquila 2017 profit increased by 0.31%	Maximum Possible award	2017/18 Unconsolidated bonus award – Co-Chief Executives	2017/18 Unconsolidated bonus award – Group Finance Director
Cash based award	£723,463	£659,739	£30,000	£15,000	£0
Share option award	£723,463	£659,739	£100,000 share options	Nil share options	Nil share options

[2] Profit before tax and excluding and share option charge

The Committee believes that the reward payable is a fair reflection of the performance over the year.

Statement of directors' shareholding and share interest

The total number of directors' interests in shares as at 31 March 2018 is set out below:

	Number of shares
Richard Wollenberg[3]	3,808,406
Susan Kane	3,279,440
Fiona Underwood	3,279,440
Steven Douglas	3,144,305
Derek Joseph	3,005,538
Jeffrey Zitron	2,798,403

No share options have been granted to the directors during the year. The total number of share options in relation to each director with and without performance measures, those vested but unexercised, and those exercised, is set out below:

	With performance measures	Without performance measures[4]	Vested but unexercised[5]	Exercised during the year
Richard Wollenberg	-	-	515,000	-
Steven Douglas	-	248,104	466,946	-
Susan Kane	-	248,104	466,946	-
Fiona Underwood	-	248,104	466,946	-
Derek Joseph	-	-	309,000	-
Jeffrey Zitron	-	-	300,000	-

Payments to past directors

In the year ended 31 March 2018, there were no payments to past directors.

Payments for loss of office

No payments were made to directors for loss of office in the year ended 31 March 2018.

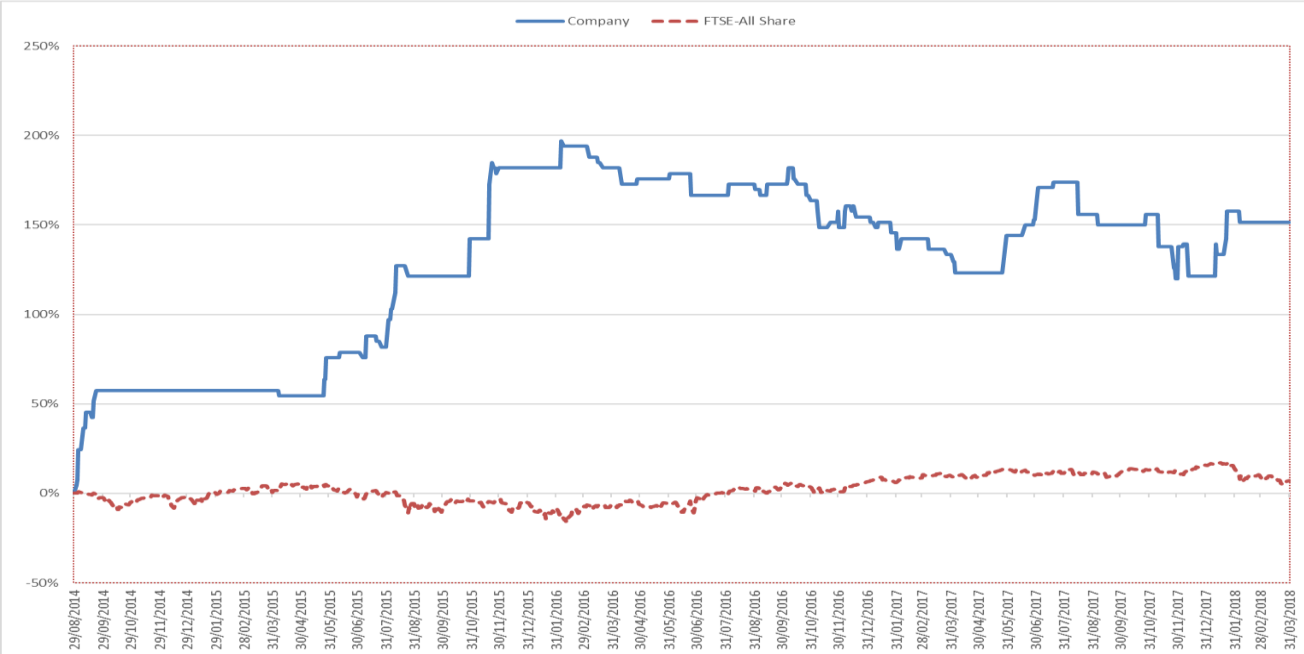
[3] Includes shares held by immediate family members of Richard Wollenberg
[4] Are part of a total of 1,713,772 Ordinary Shares at £0.05 per share which were issued as "Rollover Options" and are exercisable in tranches from 1 April 2016 with expiry dates between 31 March 2023 and 31 March 2025. For each director, 126,946 of these share options are vested.
[5] The Unapproved Options may be exercised at any time up to 20 July 2020

Directors' Remuneration Report

The information provided on pages 25 to 31 of the Directors' Remuneration Report is not subject to audit.

Performance graph

The following graph shows the company's performance since flotation, measured by total shareholder return, compared with the performance of the FTSE All Share Index also measured by total shareholder return:



Data source: London Stock Exchange

Remuneration of Co-Chief Executive Officers

	Total Remuneration	Annual bonuses	Shares receivable	Total
	£	£	£	£
Steven Douglas	117,469	15,000	-	132,469
Fiona Underwood	117,689	15,000	-	132,689

Percentage change in remuneration of directors undertaking role of chief executive

The total percentage increase from 2017 to 2018 is set out below. No bonuses were paid to the co-chief executives in the year to 31 March 2017.

	Total Remuneration Percentage increase
Steven Douglas	4%
Fiona Underwood	4%

The total percentage increase from 2017 to 2018 for all staff was 4.5%.

Relative importance of spend on pay

Comparison of shareholder distributions and total employee expenditure of the Group is set out below for the years ended 31 March 2017 and 31 March 2018.

	2018	2017	Change
	£	£	%
All employee remuneration	2,943,663	2,816,112	4.53%
Total dividend per share	0.81p	0.74p	9.46%
Distributions to shareholders	285,650	241,617	18.22%

Gender pay gap report

The Group is not required by law to report on its gender pay figure but recognises the importance of openness and transparency. The Group's mean and median pay gap figures are as follows:

- Women's hourly mean rate is 7.8% lower than men's.
- Women's hourly median rate is 3.0% lower than men's

This is compared to national average figures of a 14.3% mean gap and a 9.7% median.

The Group is committed to exploring the reasons for the pay gap and will review its HR and reward strategy, pay structures and associated policies to address any issues and proactively engage in practical solutions to address the gap.

The Group is also committed to creating an ethnically diverse organisation. From this year, the Group will start to monitor its ethnicity pay gap figures, related recruitment activities and talent development opportunities to ensure that it is creating prospects for diverse talent pools.

Employees

The Group is committed to creating an environment where its staff feel engaged and motivated in their roles. It is by default a learning organisation where people can gain new knowledge skills and experience through the work that they deliver. It also offers staff learning and development opportunities and the chance to communicate their views through the annual survey. The results of which are actively considered by the directors and leadership team.

The Group ensures that it complies with its legislative requirements in relation to employment law.

Statement of implementation of remuneration policy in the following year

The Remuneration Committee proposes to implement the policy approved by the shareholders at the 2018 annual general meeting.

Directors' Remuneration Report

Consideration by the directors of matters relating to directors' remuneration

Members of the committee during the year are as follows:

Derek Joseph	Chairman
Richard Wollenberg	Non-Executive Director
Jeffrey Zitron	Non-Executive Director

No advice or services were given that materially assisted the committee in their consideration of the remuneration policy.

Shareholder voting at the last general meeting

The Group is committed to on-going shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to directors' remuneration, the reasons for any such vote will be sought, and any actions in response will be detailed here. The Directors' Remuneration Report for the year ended 31 March 2017 was approved by shareholders at the Annual General Meeting held on 27 July 2017. The Directors' Remuneration Policy was last approved by shareholders at the Annual General Meeting held on 26 July 2016.

Directors' Remuneration Report (2017 Annual General Meeting)	% of votes cast
For	100%
Against	0%
Total votes cast	100%

Directors' Remuneration Policy (2016 Annual General Meeting)	% of votes cast
For	100%
Against	0%
Total votes cast	100%

Policy Report

Policy update introduction

The remuneration policy has been updated to reflect changes due to continued growth of the Group. All of the provisions within the previous policy continue to apply, the amendments to the previous policy are not considered material to the Group. The changes are within pensions and annual bonuses (performance criteria) as set out in the table below.

Future policy table

The following tables provides a summary of the key components of the remuneration package for executive directors:

	Purpose	Operation	Performance Criteria
Salary and fees	To provide competitive fixed elements of reward which can attract and retain high calibre individuals with the appropriate skills and knowledge to deliver the Group's strategy.	Salaries are reviewed annually or when an individual changes position or responsibility. The committee will also consider the skills, experience and on-going performance of individuals when deciding on any changes to their basic salary.	Assessment of personal and corporate performance.
All taxable benefits	To provide a range of cost-effective benefits which are in-line with the market.	The main benefits include private medical insurance and death in service benefit of four times salary. The committee may wish to introduce other benefit provisions from time-to-time.	None
Pensions	To provide cost-effective long-term retirement arrangements	Contributions of 6% of salary is available to all staff. There is no differential for executive directors. A salary sacrifice scheme is available for staff should they wish to increase their personal contributions. Executive directors are able to opt-out of the company pension scheme seeking to plan for their retirement.	None

Annual bonuses	To incentivise and reward for achievement of in-year objectives linked to the performance of the Group and the individual subsidiaries.	Executive directors are eligible for an annual bonus of up to 30% of their annual salary (unconsolidated award) upon achievement of company/subsidiary targets. Half of the executive directors' annual bonus may be paid into a Long-Term Incentive Plan (LTIP) at the discretion of the Remuneration Committee, which will earn a rate of interest equivalent to a bank deposit and can be drawn, on a rolling basis, after a minimum of three years. Early release or penalties will be relevant to leavers depending on the circumstances.	1. Up to 15% can be awarded for a year-on-year increase in reported profit before tax and exceptional items adjusted for any Group costs and expenses year-on-year growth. 2. Up to 30% can be awarded for an achievement of 10% increase in reported profit before tax and exceptional items year-on-year adjusted for any Group costs and expenses. 3. To take account of further growth within the Group individual subsidiary reported profit for the year of acquisition is used as the baseline for those executive directors.
Share options	To incentivise and reward for the achievement of long-term performance, aligned to the generation of shareholder value.	An annual grant of share options, which vest after three years subject to continued service and the achievement of targets. Upon the achievement of the target executive directors will be entitled to a share option award which is the equivalent of one third the reported profit (before tax and exceptional items) of the individual subsidiary companies. The number of share options available for distribution is determined from the mid-market price on the day the results are published. The committee can, on the recommendation of the executive directors, award share options to individual members of staff to reward exceptional performance. Any share options awarded to staff must be included within the one-third reported profit distribution for each subsidiary.	1. Share option awards are measured against an increase in reported profit before tax and exceptional items year-on-year adjusted for any Group costs and expenses. 2. To take account of further growth within the Group individual subsidiary reported profit for the year of acquisition is used as the baseline for those staff within each subsidiary.

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to offer a market competitive remuneration package sufficient to attract high calibre candidates who are appropriate to the role but without paying any more than is necessary.

Any new executive director's remuneration would include the same elements and be in line with the policy set out in this Report.

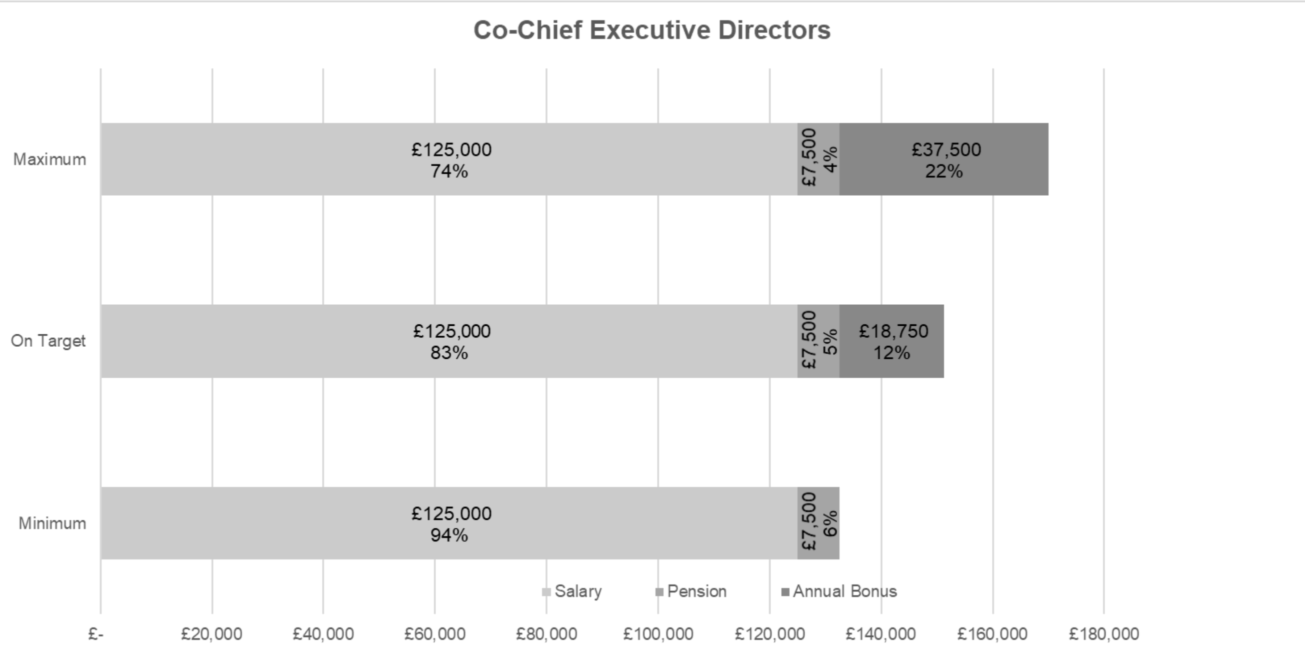
Service contracts of executive directors

All executive directors have a service contract. The contract can be terminated by either party upon giving six months' notice in writing. The contracts are available for inspection at the company's offices.

Illustration of application of remuneration policy

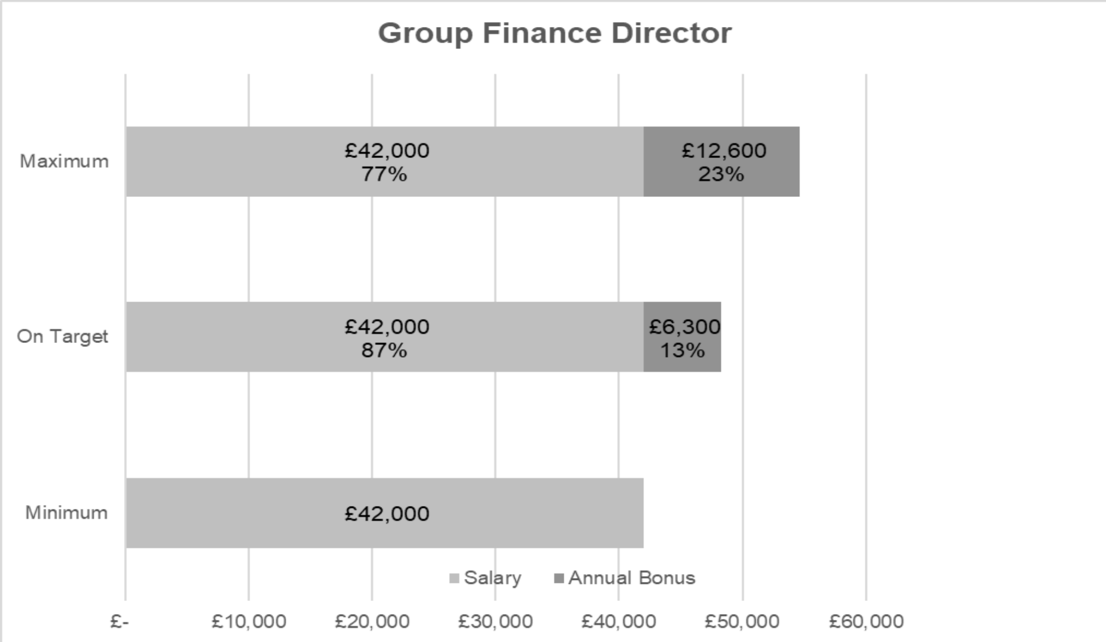
The chart below illustrates the remuneration that would be paid to each of the Executive Directors under three different performance scenarios: (i) Minimum; (ii) On-target; and (iii) Maximum.

The elements of remuneration have been categorised into two components: (i) Fixed; and (ii) Annual variable (annual bonus awards); which are set out in the future policy table above.



The remuneration is based on the following assumptions.

That the base salary of the co-chief executives remains at £125,000 pa. That the pension contribution is 6% of salary and that bonuses are based on 15% and 30% of salary as indicated in the remuneration policy.



The remuneration for the Group Finance Director is based on the following assumptions.

That the base salary of the Group Finance Director remains at 2 days per week. That pension contributions are nil and that bonuses are based on 15% and 30% of salary as indicated in the remuneration policy.

Policy on payment for loss of office

Payments for loss of office would be determined by the remuneration committee taking into account contractual obligations.

Statement of consideration of employment conditions elsewhere in the Group

The Committee has not consulted with its employees on executive pay but is aware of the pay and employment benefits across the wider Group. The wider benefits package available to staff is reflected within the remuneration package for executive directors, the exceptions being the level of bonus awarded and long-term share options.

Statement of consideration of shareholder views

The Committee will consider shareholder feedback received at the AGM and during meetings with shareholders and investors throughout the year and will use these views to formulate any changes to the remuneration policy.

Derek Joseph – Chairman

27 June 2018

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors (whose names and functions are set out on page 14) are responsible for preparing this report and the financial statements in accordance with applicable law and regulations.

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

In preparing the Company and Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

We confirm that to the best of our knowledge:

- the Company and Group financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and Group; and
- these strategic and directors' reports include a fair review of the development and performance of the business and the position of the Company and Group together with a description of the principal risks and uncertainties that it faces.

Dr Fiona Underwood – Co Chief Executive

On behalf of the Board

27 June 2018

Independent Auditor's Report to the Members of Aquila Services Group plc

Opinion

We have audited the financial statements of Aquila Services Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the group and of the parent company as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and as regards the group financial statements, Article 4 of the IAS Regulation.

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.

Basis for opinion

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

Conclusions 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 group's or parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

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

- Revenue recognition and completeness

  The revenue recognised in the financial statements may be understated and not recognised in accordance with the relevant accounting standard and the group’s accounting policy. As part of the audit, a sample of contracts were tested to confirm that the revenue has been recognised in the correct period and in line with the terms of the engagement. From the work performed, we did not identify any material misstatements in respect of the completeness and timing of revenue recognised. We found the revenue recognition policy to be in line with accounting standards.

- Business combinations

  The group’s acquisition during the year of the business and assets of another entity may not meet the criteria of a business combination or be measured and accounted for correctly on initial recognition. Based on the substantive testing that was performed, including a detailed review of the sales and purchase contract and legal invoices, we did not identify any material misstatements in respect of the accounting of the acquisition under IFRS 3 ‘Business combinations’.

- Impairment of goodwill

  Goodwill in respect of the above business combination and the acquisition of a subsidiary company in a prior year may be impaired. We reviewed and assessed the value in use calculations prepared by the board as part of their impairment review, focussing on the key assumptions and inputs. We did not identify any material misstatement in respect of goodwill.

- Investments

  The investments acquired during the year may not be measured or accounted for correctly on initial recognition and may not be held at the correct carrying amount at the balance sheet date. From the work performed, we did not identify any material misstatement in respect of the investments acquired both from an accounting perspective and the carrying amount at the balance sheet date.

Our application of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

We have determined a materiality of £59,000 for the financial statements as a whole. This is based on 1% of revenue.

Performance materiality is the application of materiality at the individual account or balance level. We set it at an amount to reduce to an approximately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessment of the group's overall control environment, our judgement was that performance materiality was 75% of our materiality, namely £44,250.

Our reporting threshold, being the amount below which identified misstatements are considered as being clearly trivial, was set at £2,950 which is 5% of our materiality.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality and qualitative considerations in forming our opinion. We communicate all misstatements to the Audit Committee.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we obtained sufficient evidence to support our opinion on the financial statements as a whole.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

In response to the key audit matters above:

- for a sample of clients of the group, we traced the engagement terms and time billed through to the revenue recorded
- we agreed the acquisition of the business and assets to the purchase agreement
- we agreed the acquisition of investments to investor agreements
- we assessed the accounting for the business combination and acquired investments against the requirements of accounting standards
- we assessed and tested the methodology and assumptions used in the value in use calculations prepared by the directors as part of their goodwill impairment review

Explanation of the extent to which our audit can detect fraud

The objectives of our audit, in respect of fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We assessed the susceptibility of the group's financial statements to material misstatement by considering the programs and controls that the group has established to address risks identified by the entity and how senior management monitor those programs and controls, and by evaluating conditions in the context of incentive/pressure to commit fraud, considering the opportunity to commit fraud.

Based on our understanding obtained through the procedures outlined above, we designed our audit procedures to identify non-compliance with the aforementioned laws and regulations. Our procedures included journal entry testing, inquiries of management, and focused testing, as referred to in the Key audit matters section above.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors’ Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors’ Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Aquila Services Group plc

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but, is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Other matters which we are required to address

We were appointed by the board on 17 February 2015 to audit the financial statements for the period ending 31 March 2015. Our total uninterrupted period of engagement is 4 years, covering the period ending 31 March 2015 to 31 March 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Jamie Cassell (Senior Statutory Auditor)

For and on behalf of
Saffery Champness LLP
Chartered Accountants
Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

27 June 2018

Consolidated statement of comprehensive income
For the year ended 31 March 2018

	Notes	**2018**	2017
		£	£
Revenue	4	5,905,221	5,928,201
Cost of sales	5	(4,343,456)	(4,453,466)
Gross profit		1,561,765	1,474,735
Administrative expenses	5	(1,037,287)	(964,692)
Operating profit		524,478	510,043
Finance income	4	3,596	5,512
Profit before taxation	6	528,074	515,555
Income tax expense	8	(123,390)	(111,345)
Profit for the year		404,684	404,210
Other comprehensive income		-	-
Total comprehensive income for the year		404,684	404,210
Earnings per share attributable to owners of the parent			
Basic	9	1.20p	1.24p
Diluted	9	1.05p	1.08p

The income statement has been prepared on the basis that all operations are continuing operations.

Consolidated and Company statements of financial position
As at 31 March 2018

	Notes	**Group 2018 £**	Group 2017 £	**Company 2018 £**	Company 2017 £
Non-current assets					
Goodwill	10	2,027,688	317,688	-	-
Property, plant and equipment	11	95,747	50,559	58,967	-
Investment in subsidiaries	12	-	-	9,885,193	9,749,931
Investment in associates	13	226,620	-	226,620	-
Investments	14	121,104	-	121,104	-
		2,471,159	368,247	10,291,884	9,749,931
Current assets					
Trade and other receivables	15	2,109,678	1,350,187	1,127,499	47
Cash and bank balances		969,987	2,312,600	343,269	348,062
		3,079,665	3,662,787	1,470,768	348,109
Current liabilities					
Trade and other payables	16	1,094,690	951,923	616,971	217,380
Corporation tax		141,775	134,753	-	-
		1,236,465	1,086,676	616,971	217,380
Net current assets		1,843,200	2,576,111	853,797	130,729
Net assets		4,314,359	2,944,358	11,145,681	9,880,660
Equity					
Share capital	17	1,763,273	1,632,550	1,763,273	1,632,550
Share premium account	18	1,487,512	533,235	1,487,512	533,235
Reverse acquisition reserve	18	(4,771,473)	(4,771,473)	-	-
Merger reserve	18	7,184,334	7,184,334	7,184,334	7,184,334
Share-based payment reserve	20	557,653	422,391	557,653	422,391
Retained (losses) / earnings		(1,906,940)	(2,056,679)	152,909	108,150
Equity attributable to the owners of the parent		4,314,359	2,944,358	11,145,681	9,880,660

As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £299,704 (2017: £225,364).

The financial statements were approved by the board on 27 June 2018.

Susan Kane – Group Finance Director

Company Registration No. 08988813

Consolidated statement of changes in equity
For the year ended 31 March 2018

	Share capital £	Share premium account £	Reverse acquisition reserve £	Merger reserve £	Share based payment reserve £	Retained losses £	Total equity £
Balance at 1 April 2016	1,630,434	533,235	(4,771,473)	7,184,334	281,586	(2,245,895)	2,612,221
Issue of shares	2,116	-	-	-	-	-	2,116
Total comprehensive income	-	-	-	-	-	404,210	404,210
Transfer on exercise of options	-	-	-	-	(6,846)	6,846	-
Share based payment charge	-	-	-	-	147,651	-	147,651
Dividend	-	-	-	-	-	(221,840)	(221,840)
Balance at 31 March 2017	1,632,550	533,235	(4,771,473)	7,184,334	422,391	(2,056,679)	2,944,358
Balance at 1 April 2017	1,632,550	533,235	(4,771,473)	7,184,334	422,391	(2,056,679)	2,944,358
Issue of shares	130,723	954,277	-	-	-	-	1,085,000
Total comprehensive income	-	-	-	-	-	404,684	404,684
Share based payment charge	-	-	-	-	135,262	-	135,262
Dividend	-	-	-	-	-	(254,945)	(254,945)
Balance at 31 March 2018	**1,763,273**	**1,487,512**	**(4,771,473)**	**7,184,334**	**557,653**	**(1,906,940)**	**4,314,359**

Company statement of changes in equity
For the year ended 31 March 2018

	Share capital £	Share premium account £	Merger reserve £	Share based payment reserve £	Retained earnings £	Total equity £
Balance at 1 April 2016	1,630,434	533,235	7,184,334	281,586	97,780	9,727,369
Issue of shares	2,116	-	-	-	-	2,116
Total comprehensive income	-	-	-	-	225,364	225,364
Transfer on exercise of options	-	-	-	(6,846)	6,846	-
Share based payment charge	-	-	-	147,651	-	147,651
Dividend	-	-	-	-	(221,840)	(221,840)
Balance at 31 March 2017	1,632,550	533,235	7,184,334	422,391	108,150	9,880,660
Balance at 1 April 2017	1,632,550	533,235	7,184,334	422,391	108,150	9,880,660
Issue of shares	130,723	954,277	-	-	-	1,085,000
Total comprehensive income	-	-	-	-	299,704	299,704
Share based payment charge	-	-	-	135,262	-	135,262
Dividend	-	-	-	-	(254,945)	(254,945)
Balance at 31 March 2018	**1,763,273**	**1,487,512**	**7,184,334**	**557,653**	**152,909**	**11,145,681**

Consolidated statement of cash flow
For the year ended 31 March 2018

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the year	404,684	404,210
Interest received	(3,596)	(5,512)
Income tax expense	123,390	111,345
Share based payment charge	135,262	147,651
Depreciation	31,639	11,694
Operating cash flows before movement in working capital	691,379	669,388
Increase in trade and other receivables	(759,491)	(191,351)
Increase / (decrease) in trade and other payables	76,997	(324,578)
Cash generated by operations	8,885	153,459
Income taxes paid	(116,368)	(131,690)
Net cash (outflow) / inflow from operating activities	(107,483)	21,769
Cash flows from investing activities		
Interest received	3,596	5,512
Purchase of property, plant and equipment	(76,827)	(47,599)
Acquisition of goodwill	(625,000)	-
Acquisition of investment in an associate	(160,850)	-
Acquisition of investment	(121,104)	-
Net cash outflow from investing activities	(980,185)	(42,087)
Cash flows from financing activities		
Proceeds of share issue	-	2,116
Dividends paid	(254,945)	(221,840)
Net cash outflow from financing activities	(254,945)	(219,724)
Net decrease in cash and cash equivalents	(1,342,613)	(240,042)
Cash and cash equivalents at beginning of the year	2,312,600	2,552,642
Cash and cash equivalents at end of the year	969,987	2,312,600

Company statement of cash flow
For the year ended 31 March 2018

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the year	299,704	225,364
Dividends received	(410,820)	(325,650)
Interest received	(1,082)	(1,024)
Depreciation	5,355	-
Operating cash flows before movement in working capital	(106,843)	(101,310)
(Increase) / decrease in trade and other receivables	(42,452)	1,723
Increase / (decrease) in trade and other payables	333,821	(1,150)
Net cash inflow / (outflow) from operating activities	184,526	(100,737)
Cash flows from investing activities		
Interest received	1,082	1,024
Dividends received	410,820	325,650
Purchase of property, plant and equipment	(64,322)	-
Acquisition of investment in an associate	(160,850)	-
Acquisition of investment	(121,104)	-
Net cash inflow from investing activities	65,626	326,674
Cash flows from financing activities		
Proceeds of share issue	-	2,116
Dividends paid	(254,945)	(221,840)
Net cash outflow from financing activities	(254,945)	(219,724)
Net (decrease) / increase in cash and cash equivalents	(4,793)	6,213
Cash and cash equivalents at beginning of the year	348,062	341,849
Cash and cash equivalents at end of the year	343,269	348,062

1 General information

Aquila Services Group plc (''the Company'') and its subsidiaries (together, ''the Group'') provide specialist housing and treasury management consultancy services. The principal activity of the Company is that of a holding company for the Group as well as providing all the strategic and governance functions of the Group.

The Company is a public limited company which is listed on the London Stock Exchange, domiciled in the United Kingdom and incorporated and registered in England and Wales. The Company's registered office is Tempus Wharf, 29a Bermondsey Wall West, London, SE16 4SA.

2 Accounting policies

The principal accounting policies applied in preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with International Reporting Standards as adopted by the European Union (IFRSs), issued by the International Accounting Standards Board (IASB), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Pounds Sterling which is the Group's functional and presentational currency.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas of critical accounting estimates and judgements are set out in note 3.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of subsidiary entities. A subsidiary is defined as an entity over which the Company has control. Control is achieved when the Company has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affects its returns.

Consolidation of a subsidiary begins when the Company obtains control and ceases when control is lost. The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three control elements listed above.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

2 Accounting policies (continued)

Basis of consolidation (continued)
Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with the Group's accounting policies.

Business combinations
Other than the reverse acquisition noted above, acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

Any excess of the consideration over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Goodwill is not amortised but is reviewed for impairment at least annually. If the consideration is less than the fair value of the identifiable assets and liabilities acquired, the difference is recognised in the Statement of comprehensive income.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activity. Revenue is shown net of value added tax, returns, rebates and discounts. The Group recognises revenue when the amount of the revenue can be reliably measured and when it is probable that economic benefits will flow to the entity.

Un-invoiced fees at the balance sheet date are valued at the fair value of the consideration receivable when it is probable that economic benefits will flow to the Group. Where income is invoiced in advanced of work being completed, revenue is treated in the first instance as deferred income and recognised when the services are performed by the Group.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for use. Depreciation is recognised so as to write-off the cost of assets less their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Computer equipment	33% per annum
Fixtures and fittings	33% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of comprehensive income.

2 Accounting policies (continued)

Investment in subsidiaries

In the company’s separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company, plus any costs directly attributable to the purchase of the subsidiary.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of cost over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included in the carrying amount of the investment.

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.

Financial assets can be divided into the following categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the instruments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

De-recognition of financial instruments occurs when the rights to receive cash flows from investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

2 Accounting policies (continued)

Trade receivables

Trade receivables are measured at initial recognition at fair value plus, if appropriate, directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at an effective interest rate computed at initial recognition.

Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group or Company provides money directly to a debtor with no intention of trading the receivables. Loans receivable are measured at initial recognition at fair value plus, if appropriate, directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. A financial liability is a contractual obligation to either deliver cash or another financial asset to another entity or to exchange a financial asset or financial liability with another entity, including obligations which may be settled by the Group using its equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities

At initial recognition, financial liabilities are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

Pensions

The Group contributes to defined contribution schemes for the benefit of its directors and employees. Contributions payable are charged to the statement of comprehensive income in the year they are payable.

2 Accounting policies (continued)

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial information 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 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 which affects neither the tax profit nor the accounting profit.

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

Deferred tax assets
Management regularly assesses the likelihood that deferred tax assets will be recovered from future taxable income. No deferred tax asset is recognised when management believe that it is more likely than not that a deferred asset will not be realised.

Impairment of assets
The Group assesses at each statement of financial position date if there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

2 Accounting policies (continued)

Impairment of assets (continued)

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

Operating leases

Rentals payable under operating leases, net of lease incentives, are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Share capital / equity instruments

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. The Company has one class Ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

Share based payments

Equity-settled share-based payments to employees and directors are measured at the fair value of the equity instruments at grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share based-payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises the estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

2 Accounting policies (continued)

Adoption of new and revised standards
The following pronouncements have been adopted in the year and either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- IAS 7 (amendments) Statement of cashflows disclosure *
- IAS 12 (amendments) Income taxes on Recognition of deferred tax losses for unrealised losses *
- Annual Improvements 2014-2016 Cycles *

*Effective for annual periods beginning on or after 1 January 2017.

Standards issued but not yet effective
At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group, which have not been applied in these financial statements, were in issue but were not yet effective. In some cases, these standards and guidance have not been endorsed by the European Union.

- IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions **
- IFRS 9 Financial Instruments **
- IFRS 15 (amendments) Revenue from Contracts with Customers **
- IFRIC 22 Foreign Currency Transactions and Advance Consideration **
- IFRS 16 Leases ***
- IFRIC 23 Uncertainty over Income Tax Treatments ***
- IAS 28 (amendments) Long-term Interests in Associates and Joint Ventures***
- Annual improvements 2015-2017 cycle***

**Effective for annual periods beginning on or after 1 January 2018
***Effective for annual periods beginning on or after 1 January 2019

The directors have assessed the impact of the standards in issue but not yet effective and have noted below their conclusions on the key new standards.

2 Accounting policies (continued)

Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments
IFRS 9 issued in July 2014 introduces new requirements for the classification and measurement of financial instruments. It is effective for all accounting periods beginning on or after 1 January 2018.

The directors have considered the impact of IFRS 9 Financial Instruments for the next accounting period, and believe the key changes to the Company's accounting policies to be as follows:

- The directors will assess the recoverability of receivables and loans with a view to recognising any impairment losses as necessary in line with the expected credit loss basis.
- The directors are aware of the additional disclosure requirements of IFRS 9 Financial Instruments and will ensure their inclusion in the financial statements for the year ended 31 March 2019.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 (latest amendment issued in April 2016) introduces a new standard for the recognition of revenue from contracts with customers. It is effective for all accounting periods beginning on or after 1 January 2018.

The directors have considered the potential impact of IFRS 15 Revenue from Contracts with Customers for the next accounting period and believe there to be no impact on the revenue recognition policies of the Company.

IFRS 16 Leases
IFRS 16 (latest amendment issued in January 2016) introduces a new basis for the accounting of leases. It is effective for all accounting periods beginning on or after 1 January 2019.

The directors have considered the potential impact of IFRS 16 Leases for the accounting period beginning on 1 January 2019 for all existing lease agreements. At present, the existing lease agreements are either of too short a nature or too low a value to qualify for a transitional change. The directors are aware that the new standard may impact future lease agreements and will account for any new agreements in line with IFRS 16 Leases.

3 Critical accounting estimates and judgements

In application of the Group’s accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 Critical accounting estimates and judgements (continued)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

Revenue recognition
Work in progress is calculated on a project by project basis using the fair value of chargeable time that is un-invoiced at the period end. Historic analysis shows that recovery rates of work in progress are very high; the Group does not expect any work in progress to be irrecoverable. Work in progress is reviewed on a monthly basis to ensure it is recognised appropriately, it is probable that economic benefits will flow to the Group and that the fair value can be reliably measured (note 4).

Share based payments
The Company has granted share options to certain employees and directors of the Group. The share options granted become exercisable at varying future dates. If certain conditions are met, following the vesting period, the employee will be eligible to exercise their option at an exercise price determined on the date the share options are granted.

The share-based payment charge is recognised in the statement of comprehensive income and is calculated based on the Company's estimate of the number of share options that will eventually vest.

Assumptions regarding the fair value of the Company's shares and assumptions regarding employee fluctuation are taken into account when measuring the value of share-based payments for employees, which are required to be accounted for as equity-settled share-based payment transactions pursuant to IFRS 2. The resulting staff costs are recognised pro rata in the statement of comprehensive income to reflect the services rendered as consideration during the vesting period (note 20).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill
The carrying amounts of the Group's assets value are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised where the recoverable amount is less than the carrying value of the asset. Any impairment losses are recognised in the income statement.

4 Revenue

An analysis of the Group's revenue is as follows:

	2018	2017
	£	£
Continuing operations - rendering of services		
Specialist housing consultancy income	5,320,054	5,456,328
Treasury management consultancy income	585,167	471,873
	5,905,221	5,928,201
Interest revenue on bank deposits	3,596	5,512
	5,908,817	5,933,713

5 Operating segments

The Group has three reportable segments, being consultancy, interim management and treasury management services, the results of which are included within the financial information. In accordance with IFRS8 'Operating Segments', information on segment assets is not shown, as this is not provided to the chief operating decision-maker.

The principal activities of the Group are as follows:

Consultancy – a range of services to support the business needs of a diverse range of organisations (including housing associations and local authority) across the housing sector. The majority of consultancy projects run over one to two months requiring on-going business development to ensure a full pipeline of consultancy work for the employed team.

Interim Management – individuals are embedded within housing organisations (normally registered providers, local authorities and ALMOs) in a substantive role, normally for a specified period of time. Interim management provides the Group with a more extended forward sales pipeline as the average contract is for six months. This section of the business provides low risk as the interim consultants are placed on rolling contractual basis and provides minimal financial commitment as associates to the business, rather than employees, are used for these roles.

Treasury Management – a range of services providing treasury advice and fund-raising services to non-profit making organisations working in the affordable housing and education sectors. Within this segment of the business a number of client organisations enter into fixed period retainers to ensure immediate call-off of the required services.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment, without allocation of central administration costs, including Directors' salaries, finance costs and income tax expense. This is the measure reported to the Group's Co-Chief Executives for the purpose of resource allocation and assessment of segment performance.

5 Operating segments (continued)

	2018	2017
	£	£
Revenue from Consultancy	4,214,909	3,712,790
Revenue from Interim management	1,152,950	1,743,538
Revenue from Treasury management	537,362	471,873
	5,905,221	5,928,201
Cost of sales from Consultancy	3,036,105	2,627,985
Cost of sales from Interim management	914,801	1,483,353
Cost of sales from Treasury management	392,550	342,128
	4,343,456	4,453,466
Gross profit from Consultancy	1,178,804	1,084,805
Gross profit from Interim management	238,149	260,185
Gross profit from Treasury management	144,812	129,745
	1,561,765	1,474,735
Administrative expenses	(1,037,287)	(964,692)
Operating profit	524,478	510,043

Within consultancy revenues, approximately 3% (2017: 11%) has arisen from the segments largest customer; within interim management 14% (2017: 9%); within treasury management 46% (2017: 18%).

Geographical information

Revenues from external customers, based on location of the customer, are shown below:

	2018	2017
	£	£
UK	5,530,360	5,724,527
Republic of Ireland	298,212	157,628
Africa	76,649	46,046
	5,905,221	5,928,201

6 Profit before taxation

	2018	2017
	£	£
Profit before taxation is arrived at after charging:		
Auditors' remuneration	37,975	37,200
Depreciation of property, plant and equipment	31,639	11,694
Staff costs (see note 7)	2,943,663	2,816,112
Operating lease costs – land and buildings	49,605	49,605

7 Staff costs

	2018	2017
The average monthly number of employees (including directors) employed by the Group was:	40	37

	2018	2017
	£	£
Aggregate remuneration (including directors)		
Wages and salaries	2,436,180	2,322,383
Share-based payments	135,262	147,651
Pension contributions	96,160	88,565
Social security costs	276,061	257,513
	2,943,663	2,816,112

	2018	2017
	£	£
Directors' remuneration		
Salary (including taxable benefits)	333,957	347,362
Share-based payments	65,871	65,500
Pension contributions	12,600	12,000
	412,428	424,862

Two directors are members of the company's defined contribution pension scheme.

The amounts set out above include remuneration to the highest paid director as follows:

Salary (including taxable benefits)	126,389	106,513
Share-based payments	21,957	22,866
Pension contributions	6,300	6,000
	154,646	135,379

8 Taxation

	2018	2017
	£	£
Corporation tax:		
Current year	123,390	117,738
Adjustment in respect of prior years	-	(18,064)
	123,390	99,674
Deferred tax charge	-	11,671
	123,390	111,345

The tax charge for the year can be reconciled to the profit in the income statement as follows:

	2018	2017
	£	£
Profit before taxation	528,074	515,555
Tax at the UK corporation tax rate of 19% (2017: 20%)	100,334	103,111
Expenses not deductible	23,056	26,298
Adjustment in respect of prior years	-	(18,064)
	23,056	8,234
Tax expense for the year	123,390	111,345

9 Earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to the equity holders of the Group by the weighted average number of shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares, namely share options.

	2018	2017
	£	£
Profit after tax attributable to owners of the parent	404,684	404,210
Weighted average number of shares		
- Basic	33,746,926	32,633,381
- Diluted	38,429,011	37,301,635
Basic earnings per share	**1.20p**	1.24p
Diluted earnings per share	**1.05p**	1.08p

10 Goodwill

Group	Goodwill
	£
Cost	
At 1 April 2016	317,688
Additions	-
At 31 March 2017	317,688
Additions	1,710,000
At 31 March 2018	**2,027,688**
Accumulated impairment losses	
At 1 April 2016 and 31 March 2017	-
Impairment losses for the year	-
At 31 March 2018	-
Net book value	
At 1 April 2016	317,688
At 31 March 2017	317,688
At 31 March 2018	**2,027,688**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination.

On 27th October 2017, the Group acquired the business of pod LLP and pod Partnership Limited for a fair value consideration of £1,710,000, satisfied by cash consideration of £625,000 and 2,614,458 shares issued at the market price of 41.5p per share. Acquisition related costs of £26,307 have been recognised as an expense in Administrative expenses in the Statement of comprehensive income.

The Group tests goodwill annually for impairment, or more frequently if there are any indications that goodwill might be impaired.

The recoverable amount of goodwill is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding growth rate of client base and project fees. Management's approach to determining the values to each key assumption is based on past experience and project work already secured for future periods. Management have projected cash flows over a period of 5 years, based on a minimum average growth rate of 10% per annum. Projected cash flows have been discounted at a rate of 5%.

11 Property, plant and equipment

Group	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2016	-	20,111	20,111
Additions	34,339	13,260	47,599
At 31 March 2017	34,339	33,371	67,710
Additions	-	76,827	76,827
At 31 March 2018	**34,339**	**110,198**	**144,537**
Accumulated depreciation			
At 1 April 2016	-	5,457	5,457
Charge for the year	953	10,741	11,694
At 31 March 2017	953	16,198	17,151
Charge for the year	11,435	20,204	31,639
At 31 March 2018	**12,388**	**36,402**	**48,790**
Net book value			
At 1 April 2016	-	14,654	14,654
At 31 March 2017	33,386	17,173	50,559
At 31 March 2018	**21,951**	**73,796**	**95,747**

Company	Computer equipment £
Cost	
At 1 April 2016	-
Additions	-
At 31 March 2017	-
Additions	64,322
At 31 March 2018	**64,322**
Accumulated depreciation	
At 1 April 2016	-
Charge for the year	-
At 31 March 2017	-
Charge for the year	5,355
At 31 March 2018	**5,355**
Net book value	
At 1 April 2016	-
At 31 March 2017	-
At 31 March 2018	**58,967**

12 Investment in subsidiaries

Company	Investments in subsidiaries £
Cost	
At 1 April 2016	9,602,280
Additions	147,651
At 31 March 2017	9,749,931
Additions	135,262
At 31 March 2018	**9,885,193**
Accumulated impairment losses	
At 1 April 2016 and 31 March 2017	-
Impairment losses for the year	-
At 31 March 2018	**-**
Net book value	
At 1 April 2016	9,602,280
At 31 March 2017	9,749,931
At 31 March 2018	**9,885,193**

The addition of £135,262 represents capital contributions made to the Company's subsidiaries in respect of the share option expense recognised in those subsidiaries on share options issued by the Company.

Details of the Company's subsidiaries at 31 March 2018 are as follows:

	Place of incorporation and operation	Principal activity	Proportion of ownership and voting rights held
Altair Consultancy and Advisory Services Limited	England and Wales	Specialist housing consultancy	100%
Aquila Treasury and Finance Solutions Limited	England and Wales	Treasury management consultancy	100%

The accounting reference date of each of the subsidiaries is co-terminus with that of the Company. The registered office of each subsidiary is Tempus Wharf, 29a Bermondsey Wall West, London, SE16 4SA.

13 Investment in Associates

Details of the Group's material associates at 31 March 2018 are as follows:

	Place of incorporation and operation	Principal activity	Proportion of ownership and voting rights held
3C Consultants Limited	England and Wales	IT consultancy	25%

The principal activity of the associate is seen as complementing the Group's operations and contributing to achieving the Group's overall strategy.

The above associate is accounted for using the equity method in these consolidated financial statements as set out in the accounting policies in note 2.

Summarised financial information in respect of the Group's associates are set out below:

3C Consultants Limited	**Year ended 31 March 2018**
	£
Current assets	400,410
Non-current assets	2,210
Current liabilities	(282,983)
Non-current liabilities	(81,986)
Equity attributable to owners of the Company	37,651
Revenue	1,000,905
Profit or loss from continuing operations	(54,838)
Post-tax profit or loss from discontinued operations	-
Profit/(loss) for the year	(54,838)
Other comprehensive income	-
Total comprehensive income	(54,838)
Dividends received from associate during the year	-

Reconciliation of the above summarised financial information to the carrying amount recognised in the consolidated financial statements:

	2018
	£
Net assets of associates	37,651
Proportion of the Group's ownership interest in the associate	9,413
Goodwill	217,207
Carrying amount	**226,620**

14 Investments

	Equity investment £
Cost	
At 1 April 2016	-
Additions	-
At 31 March 2017	-
Additions	121,104
At 31 March 2018	**121,104**
Accumulated impairment losses	
At 1 April 2016 and 31 March 2017	-
Impairment losses for the year	-
At 31 March 2018	-
Net book value	
At 1 April 2016	-
At 31 March 2017	-
At 31 March 2018	**121,104**

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured is held at cost less impairment.

15 Trade and other receivables

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Trade receivables	1,815,073	1,153,940	-	-
Group undertakings	-	-	1,124,665	-
Other receivables	24,115	11,055	2,259	47
Prepayments and accrued income	270,490	185,192	575	-
	2,109,678	1,350,187	1,127,499	47

The directors consider that the carrying amount of trade receivables approximates to their fair value. Trade and other receivables are not considered impaired.

The aged profile of trade receivables not impaired is as follows:

	Total £	**<30 days £**	**30-60 days £**	**66-90 days £**	**>90 days £**
31 March 2018	1,815,073	1,650,520	-	76,495	88,058
31 March 2017	1,153,940	774,753	299,432	30,933	48,822

16 Trade and other payables

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Trade payables	254,782	274,420	12,505	140
Other payables	88,063	27,668	65,770	-
Amounts owed to Group undertakings	-	-	500,000	183,865
Taxes and social security costs	200,487	341,020	-	-
Accruals and deferred income	551,358	308,815	38,696	33,375
	1,094,690	951,923	616,971	217,380

The directors consider that the carrying amount of trade payables approximates to their fair value.

Included in other payables is £65,770 in respect of contingent consideration on the acquisition of investment in associate. There is minimal uncertainty with regard to the amount and timing of the outflow.

17 Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
35,265,461 (2017: 32,651,003) Ordinary shares of 5p each	1,763,273	1,632,550

The Company has one class Ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

A reconciliation of share capital, share premium account and merger reserve is set out below:

	Number of Ordinary shares	**Amount called up and fully paid £**	**Share premium £**	**Merger reserve £**
At 1 April 2016	32,608,688	1,630,434	533,235	7,184,334
Issued at 5p per share on 31 August 2016	42,315	2,116	-	-
At 31 March 2017	32,651,003	1,632,550	533,235	7,184,334
Issued at 41.5p per share on 27 October 2017	2,614,458	130,723	954,277	-
At 31 March 2018	35,265,461	1,763,273	1,487,512	7,184,334

18 Reserves

The share premium account represents the amount received on the issue of Ordinary shares by the Company in excess of their nominal value and is non-distributable.

The merger relief reserve arose on the Company's acquisition of Altair. There is no legal share premium on the shares issued as consideration as section 612 of the Companies Act 2006, which deals with merger relief, applies in respect of the acquisition.

The reverse acquisition reserve arises due to the elimination of the Company's investment in Altair. Since the shareholders of Altair became the majority shareholders of the enlarged group, the acquisition is accounted for as though the legal acquiree is the accounting acquirer.

19 Dividends

	2018	2017
Amounts recognised as distributions to equity holders	**£**	£
Final dividend for the year ended 31 March 2017 of 0.50p per share (2016: 0.44p)	163,255	143,478
Interim dividend for the year ended 31 March 2018 of 0.26p per share (2017: 0.24p)	91,690	78,362
	254,945	221,840
Proposed final dividend for the year ended 31 March 2018 of 0.55p per share (2017: 0.50p)	193,960	163,255

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 proposed dividend is payable on 3 August 2018 to shareholders on the Register of Members at 20 July 2018. The total recommended dividend to be paid is 0.55p per share. The payment of this dividend will not have any tax consequences for the Group.

20 Share-based payment transactions

The Company operates an Unapproved Scheme and an Enterprise Management Incentives Scheme. The total expense recognised in the year to 31 March 2018 arising from share-based payment transactions is £135,262 (2017: £147,651).

Unapproved scheme	**Number**	**Weighted average exercise price**
Number of options outstanding at 1 April 2017	2,587,093	£0.23
Granted during period	-	-
Forfeited during period	-	-
Exercised during period	-	-
Number of options outstanding as at 31 March 2018	2,587,093	£0.23
Number of options exercisable as at 31 March 2018	2,587,093	£0.23

The exercise price of the options outstanding at 31 March 2018 ranges between £0.10 and £0.42. The weighted average remaining contractual life of the options outstanding at 31 March 2018 is 2 years (2017: 3 years).

20 Share-based payment transactions (continued)

EMI scheme	**Number**	**Weighted average exercise price**
Number of options outstanding at 1 April 2017	2,119,141	£0.05
Granted during period	-	-
Forfeited during period	(41,158)	£0.05
Exercised during period	-	-
Number of options outstanding as at 31 March 2018	2,077,983	£0.05
Number of options exercisable as at 31 March 2018	1,607,983	£0.05

The weighted average remaining contractual life of the options outstanding at 31 March 2018 is 7 years (2016: 8 years).

21 Operating lease arrangements

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 **£**	2017 £
Within one year	49,650	49,650
In the second to fifth years inclusive	21,524	71,106
	71,174	120,756

Operating lease payments represent rentals payable by the Group for certain of its office properties.

22 Remuneration of key management personnel

The remuneration of the key management personnel of the Group, including all directors, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2018 **£**	2017 £
Short-term employee benefits	571,880	694,790
Share-based payments	113,000	112,956
Post-retirement benefits	17,700	12,000
	702,580	819,746

23 Related party disclosures

Balances and transactions between the Group and other related parties are disclosed below:

Dividends totalling £171,722 (2017: £153,646) were paid in the year in respect of Ordinary shares held by the Company's directors.

During the year the Group charged £12,327 (2017: £24,060) to DMJ Consultancy Services Limited for administrative services, a company in which Derek Joseph serves as a director. At 31 March 2018, the balance owed to the Group by DMJ Consulting Limited was £5,000 (2017: £14,436).

During the year the Group was charged £nil (2017: £257) by Jeffrey Zitron for consultancy services.

At 31 March 2018, the balance owed to Richard Wollenberg for services as a non-executive director were £4,000 (2017: £1,906)

24 Retirement benefit schemes

Defined contribution schemes

	2018	2017
	£	£
Contributions payable by the Group for the year	96,160	88,565

25 Control

In the opinion of the Directors there is no single ultimate controlling party.

26 Financial instruments

Financial risk management
The Group's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Credit risk
Credit risk is the risk of financial loss to the Group resulting from counterparties failing to discharge their obligations to the Group. The Group's principal financial assets are trade and other receivables and cash and cash equivalents.

The Group considers its credit risk to be low. Of the total trade receivables at the 2018 year end, £121,626 (2017: £107,604) is due from one customer. There are no other customers that represent more than 7% of the total balance of trade receivables. The maximum exposure to credit risk is equal to the carrying value of these instruments.

Liquidity risk
Liquidity risk is the risk of the Group being unable to meet its liabilities as they fall due. The Group manages liquidity risk by maintaining sufficient cash reserves and holding banking facilities, and by continuously monitoring forecast and actual cash flows. In addition, the Group is a cash generative business with income being received regularly over the course of the year. The Group held cash reserves of £969,987 (2017: £2,312,600) at the year-end.

26 Financial instruments (continued)

Foreign currency risk
Foreign exchange risk is the risk of loss due to adverse movements in the exchange rates affecting the Group's profits and cash flows. Only a very small number of clients are invoiced in Euros and USD and the foreign exchange exposure is not considered a significant risk. The Group's principal financial assets are cash and cash equivalents and trade and other receivables, which are almost exclusively denominated in Pounds Sterling.

Interest rate risk
The Group does not undertake any hedging activity in this area. The main element in interest rate risk involves sterling deposits which are placed on deposit.

Capital risk management
Internal working capital requirements are low and are regularly monitored. Externally imposed capital requirements to which the Group is subject have been complied with in the year.

27 Post Balance Sheet event

There are no post balance sheet events.

28 Capital commitments

There were no capital commitments at 31 March 2018.

29 Contingent liabilities

There were no contingent liabilities at 31 March 2018.

Notice is hereby given that the Annual General Meeting of Aquila Services Group plc will be held at Tempus Wharf 29A, Bermondsey Wall West, London, SE16 4SA on 31 July 2018 at 4:30 pm, for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions numbered 1 to 9 and 11 will be proposed as ordinary resolutions and resolution 10 will be proposed as a special resolution:

Ordinary business

1. To receive the reports of the directors and auditor and the financial statements for the period ended 31 March 2018.

2. To approve the remuneration report for the period ended 31 March 2018.

3. To approve the revised remuneration policy as implemented from 1 October 2017.

4. That, following a recommendation by the directors, a final dividend payment of 0.55p per Ordinary Share shall be paid to those persons who were named on the register of shareholders on 20 July 2018.

5. That Saffery Champness LLP be and is hereby reappointed as auditor of the Company and that the directors be authorised to determine the auditor's remuneration.

6. To re-elect as a director, Derek Joseph, who was appointed at the AGM held on 19 August 2015.

7. To re-elect as a director, Richard Wollenberg, who was appointed at the AGM held on 19 August 2015.

8. To re-elect as a director, Jeff Zitron, who was appointed at the AGM held on 19 August 2015.

Special business

9. That, in accordance with section 551 of the Companies Act 2006 ("**CA 2006**"), the directors be generally and unconditionally authorised to issue and allot equity securities (as defined by section 560 of the CA 2006) up to an aggregate nominal amount of:

   9.1 £209,755 in connection with the valid exercise of the options (both approved and unapproved) granted by the Company (as set out in the prospectus issued by the Company dated 20th July 2015), any unapproved options granted to current or former officers of the Company and options granted to employees and officers of the Company and/or its subsidiaries in accordance with the terms of the Company's Employee Share Option Scheme ("**Options**"); and

   9.2 in any other case, £587,758 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authorities in paragraph 9.1 above in excess of the stated amount)

   provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot relevant securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

10. That, subject to Resolution 9 above being duly passed, the directors of the Company be and are hereby empowered, pursuant to section 570 of the CA 2006, to allot equity securities (as defined in section 560 of the CA 2006) wholly for cash pursuant to the authority conferred upon them by Resolution 9 above (as varied, renewed or revoked from time to time by the Company at a general meeting) as if section 561(1) of the CA 2006 did not apply to any such allotment provided that such power shall be limited to the allotment of equity securities:

10.1 in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities offered to each such holder is proportionate (as nearly as may be) to the respective amounts of equity securities held by each such holder subject only to such exclusion or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise;

10.2 in connection with the valid exercise of Options;

10.3 in connection with the valid exercise of any share options granted to employees of the Group in accordance with the terms of the Employee Share Option Scheme; and

10.4 otherwise, up to a maximum nominal amount of £88,163.

The power granted by this resolution will expire on the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the CA 2006 did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

11. That the Company be and is hereby authorised generally and unconditionally to make market purchases (within the meaning of section 693(4) of the CA 2006) of its ordinary shares ("**Ordinary Shares**") provided that:

11.1 the maximum aggregate number of Ordinary Shares that may be purchased is 3,526,546;

11.2 the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is £0.05;

11.3 the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the higher of:

(a) 105 per cent of the average closing middle market quotations for the Ordinary Shares as quoted on the Official List of the London Stock Exchange for the five business days prior to the day the purchase is made; and

(b) the value of an Ordinary Share calculated on the basis of the higher of the price quoted for:

(i) the last independent trade of; and

(ii) the highest current independent bid for any number of Ordinary Shares on the Official List.

11.4 The authority conferred by this resolution shall expire on the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

Registered office:
Tempus Wharf
29a Bermondsey Wall West
London
SE16 4SA

By order of the board
Dr Fiona May Underwood
Company Secretary

27 June 2018

Notes

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the company.

2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

3. A form of proxy accompanies this notice. Forms of proxy, to be valid, must be delivered to the company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA in accordance with the instructions printed thereon, not less than 48 hours before the time appointed for the holding of the meeting.

4. If you are not a member of the company but you have been nominated under section 146 of the Companies Act 2006 (the 'Act') by a member of the company to enjoy information rights, you do not have the rights of members in relation to the appointment of proxies set out in notes 1, 2 and 3. The rights described in those notes can only be exercised by members of the company.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Withheld" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. Information regarding the meeting, including the information required by section 311A of the Act, is available from www.aquilaservicesgroup.co.uk

7. As provided by Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the company 48 hours before the time set for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

8. As at close of business on 27 June 2018 the company's issued share capital comprised 35,265,461 ordinary shares of 5 pence each. Each ordinary share carries the right to one vote at a general meeting of the company and, therefore, the total number of voting rights in the company at close of business on 27 June 2018 is 35,265,461.

9. Under section 319A of the Act, the company must answer any question you ask relating to the business being dealt with at the meeting unless (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

10. If you are a person who has been nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person'), you may have a right under an agreement between you and the member of the company who has nominated you to have information rights (a 'Relevant Member') to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the company) regarding any changes or queries relating to your personal details and your interest in the company (including any administrative matters). The only exception to this is where the company expressly requests a response from you.

11. Members satisfying the thresholds in section 338 of the Act may require the company to give, to members of the company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the Annual General Meeting includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the company not later than 6 weeks before the date of the Annual General Meeting.

12. Members satisfying the thresholds in section 338A of the Act may request the company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the company not later than 6 weeks before the date of the Annual General Meeting.

13. Members satisfying the thresholds in section 527 of the Act can require the company to publish a statement on its website setting out any matter relating to (i) the audit of the company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the company ceasing to hold office since the last Annual General Meeting, which the members propose to raise at the meeting. The company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the company has been required to publish on its website pursuant to this right.

14. Copies of the directors' service contracts will be available for inspection at the registered office of the company during usual business hours from the date of this notice until the date of the Annual General Meeting, and also during and at least fifteen minutes before the beginning of the Annual General Meeting.