Company Registration No. 08988813 (England and Wales)

Aquila

Aquila Services Group plc

Annual report and financial statements
for the year ended 31 March 2017

Contents

Directors and Advisers

Directors	Jeffrey C Zitron	Chairman
	Derek M Joseph	Non-Executive Director
	Dr Fiona M Underwood	Joint Chief Executive
	Steven F Douglas	Joint Chief Executive
	Susan M Kane	Finance Director
	J Richard Wollenberg	Non-Executive Director
Company Secretary	Dr Fiona M 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 2017.

Aquila Services Group plc (''the Company''), previously General Industries plc, is the holding company for Altair Consultancy & Advisory Services Ltd (''Altair'') and Murja Ltd ("Murja") which form the Group (''the Group'').

The Group provides financing and management consultancy advice on all aspects of affordable housing across the United Kingdom and Republic of Ireland to housing associations, local authorities, government agencies and other non-profit organisations as well as high level business advice to the property sector.

The Group's strategy is to expand the range of professional services either through organic growth or acquisition to offer clients a 'one stop shop' for all their higher-level support requirements.

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 in the year under review has focused on expanding into the Republic of Ireland and increasing its client base in the Midlands and North of England. This year Altair has undertaken its first consulting assignment in Africa. 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.

Murja Limited

Murja is a specialist treasury management consultancy authorised and regulated by the Financial Conduct Authority. Murja advises local authorities, housing associations, colleges and other bodies on their capital funding requirements and supports them in securing debt finance. The business operates through both retained contracts with a significant number of clients and one-off specific projects which result in additional fees being generated when projects are complete.

Business Review

During the year under review, the Group continued to grow both its capacity and its client-base; expanding and strengthening its consultancy capacity through the recruitment of high-calibre individuals to support the national coverage and increased product offering. The Group has developed a series of new products and services and this has provided opportunities to successfully bid for larger, and more complex, contracts.

Brexit, change in political leadership, the wider global economic uncertainty, and the recent General Election all cause uncertainty for our clients. This coupled with changes in government policy, regulation, devolution, the ever-changing funding environment, and exposure to the wider residential property market affect the clients of both subsidiaries. Changes and challenges on this scale lead to an increase in the demand for high quality consultancy advice as clients look to find ways of using resources – money, people and technology – more effectively and efficiently.

Alongside this, the public, regulators and government expect ever improving performance and quality from the Group's clients. The track record of the company's subsidiaries show that they are well placed to provide the support services and therefore the trading conditions required by our clients.

During the period of review, we have successfully partnered with 3C, a specialist IT consultancy company to increase our offering to the sector.

Financial results

For the year to 31 March 2017, Group turnover rose to £5.928m, an increase of 25% over the year. Altair's consultancy and interim management business contributed £5.456m (2016: £4.628m) and Murja's £0.472m (2016: £0.118m).

Gross profit rose to £1,475k (2016: £1,288k) with operating profit, before share option charges, of £658k (2016: £545k). Operating profit took into account investment in new staff for Altair and Murja to meet growing demand, particularly, in the North of England, Midlands and Scotland. Profit after tax, attributable to shareholders, was £404k (2016: £167k[1]) and earnings per share was 1.24p (2016: 0.61p[2]).

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 2017 (audited) £000s	**6 months to 30 September 2016 (unaudited) £000s**	**Year ended 31 March 2016 (audited) £000s**
Turnover	5,928	2,796	4,746
Gross profit	1,475	673	1,288
Operating profit (before share option charge)	658	307	545
Share option charge	148	68	255
Operating profit (after share option charge)	510	239	290

The Group has a strong balance sheet with over £2.3m in cash deposits as at 31 March 2017.

Dividend

The directors propose a final dividend of 0.50p per share (2016: 0.44p), making a total dividend for the year of 0.74p per share (2016: 0.66p), an increase of 12% compared to 2016. This will be payable on 4 August 2017 to shareholders on the register at 21 July 2017.

Outlook

The outlook for the Group remains positive. The affordable housing sector is a key market for the Group and the continued political pressure to deliver more homes coupled with the recent move from the government to include affordable rent within its previous sales only 'Affordable Housing Funding Programme' will enable the Group's clients to increase their delivery of new homes.

[1] Adjusted Profit after Tax to exclude deemed cost of listing
[2] Adjusted Earnings per share to exclude deemed cost of listing

Chairman's Statement

The Housing and Planning Act 2016 has meant changes for our clients within the housing sector, although some expected policy changes have not yet come into force due to delays caused by the Referendum and the subsequent changes within the government. There will now be further delays as a result of the early General Election.

However, changes to the regulation for the housing sector in England are moving forward with the separation of the Homes and Communities Agency into two bodies: Regulation and Homes England (the investment arm) plus amendments to regulation to ensure that housing organisations are no longer classified as public bodies. These changes will translate into opportunities for the Group to increase its revenues and profitability by offering an increased range of funding advice and consultancy services.

The task for our clients will be to help the government make the case for continued support and investment in housing solutions. With the government's focus on Brexit, it is even more important that the housing sector has a coherent and well-articulated offer.

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.

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.

Jeffrey Zitron - Chairman
28 June 2017

Our business

Aquila Services Group plc (''the Company'') comprises two subsidiaries, Altair Consultancy and Advisory Services Limited ("Altair") and Murja Limited ("Murja").

Altair

Altair provides support services to enable other 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, charities and local authorities, although the 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. We also have strong relationships with the English Regulator (the Homes and Communities Agency), 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. We have recently completed our first advisory assignment in Africa.

Murja

Murja specialises in providing advice to organisations principally involved in the affordable housing and education sectors in respect of debt and interest rate risk. With changes to Government policy, there is a strong and growing market for the provision of specialist treasury services to local authorities, housing associations and charities operating in the provision of affordable housing, market rent and low-cost home ownership initiatives. Housing associations and local authorities are seeking more complex legal and financial structures for both, particularly with the involvement of house builders and developers in joint ventures. The complementary services and products offered by Altair to the sector provides a significant opportunity for growth.

Strategy and Objectives – Leadership, Quality, Insight

The strategy and objectives of the Group are:

- Provide consultancy advice and support to organisations operating within or aligned to the public sector.
- Continue to seek out acquisitions 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, with particular emphasis on the North of England, Midlands and Scotland.
- 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 25% increase in turnover on 2016, reflecting continued growth in Altair's housing consultancy and interim management business and the successful embedding of Murja within the Group. Gross profit from the consultancy, interim management and treasury business rose by over £187k, with margins at 25%. Altair has made a substantial investment in staff over the last two years in anticipation of future growth; (after allowing for both the additional staff investment mentioned and the charge in respect of staff options) the Board anticipates that this investment will aid future profit growth. The Group is in a very strong net asset position, with over £2.3m in cash held at 31 March 2017.

The underlying business remains strong and there has been continued growth of the client base in the consultancy business outside of London and the South East. We have seen an increase in cross-company opportunities between Altair and Murja, being able to offer consulting and treasury advice to our clients both in the United Kingdom and Ireland. We have undertaken our first consultancy assignment in Africa and are hoping that this will lead to further opportunities. Our focus on the policy environment has provided Altair with the opportunity to research and publish our findings on a variety of topics; Future gazing, Innovation – the brave new world (in collaboration with the National Housing Federation), and working with the Chartered Institute of Housing and a recently merged housing association (VIVID), we are developing a practical guide to how councils and housing associations can work better together which will be published in the Autumn of 2017. We are also working with three housing organisations to deliver a leadership programme to support aspiring leaders from BME backgrounds. We will continue to seek out research opportunities to help inform the decision makers throughout the sector and government.

In the first six months of the year, Altair invested in and expanded its consultancy capacity 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. This investment has provided opportunities to bid for larger contracts and, as a consequence, has extended the consultancy pipeline. This has been aided by our partnership with 3C, a specialist IT consultancy company, and our investment in 'lean expertise' to strengthen our innovative Organisational Excellence product. Altair has also provided Human Resource and Personnel services to clients through retained contracts during the year. The core consultancy and interim business remains strong and the client base continues to grow in number and range.

Murja has similarly expanded its specialist treasury management services. A significant number of clients are on retained contracts and additional fees are secured once specific projects have been completed. During the year under review, a number of these specific projects have commenced with fees expected to accrue during the next twelve months.

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

	Year ended 31 March 2017 (audited) £000s	6 months to 30 September 2016 (unaudited) £000s	Year ended 31 March 2016 (audited) £000s
Turnover	5,928	2,796	4,746
Gross profit	1,475	673	1,288
Operating Profit	510	307	290
Operating profit includes share option charge as follows:			
Share option charge	148	68	255

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

The changes in the political and economic environment, the Referendum resulting in the uncertainty of the Brexit negotiations, the change in leadership of the Conservative Party, the newly elected President of the USA, and the General Election have and will continue to be a catalyst for change with our clients and all provide opportunities for the future. The Group anticipates that it will continue to expand organically through recruitment to assist the delivery of projects nationwide.

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
2017	5,928,201	1,474,735	1.24p
2016	4,746,144	1,287,612	0.61p[3]

	Number of clients	New clients (%)	Client retention rate (%)
2017	212	72	64
2016	194	40	68

[3] Adjusted Earnings per share to exclude deemed cost of listing

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 could lead to a period of uncertainty and may delay the implementation of government policy pertaining to housing. This may cause clients to review their spending with consultancy providers and lead to a reduction in projects.

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 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. The 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.

Principal Risks and Uncertainties (continued)

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	0
Employees in other senior management positions	1	6
Total senior managers other than directors of the Company	**4**	**6**
Other employees of the Group	7	11
Total employees of the Group	**15**	**19**

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 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 treat all those we work with equally, and do not discriminate on the basis of age, gender, sexuality, disability, ethnicity, or any other protected characteristic.
- 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 recognise that our staff are our most valuable asset as an 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.

During the year, we continued our commitment to supporting a vibrant and inclusive leadership within the housing sector. In response to a Chartered Institute of Housing challenge to the sector to support the talent that is not coming through. Altair, L&Q, AmicusHorizon and the BME London Group of Housing Associations, in partnership with Roffey Park Business school, have joined forces to develop a leadership programme – **Leadership 2025**. This programme will help guide senior BME leaders in housing to navigate the glass maze of executive leadership and become the sector influencers of the future. We have matched the £54,000 initial investment from our partners with £10,000 of our own resources, including Partner time and project management input. The programme is set to launch in October 2017.

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.

Susan Kane – Finance Director

28 June 2017

Directors Report

The Directors present their report and consolidated financial statements for the year ended 31 March 2017.

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.

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 2017 are set out from page 28.

Dividends

The directors recommend a final dividend of 0.50p per Ordinary share to be paid on 4 August 2017 to shareholders on the register at 21 July 2017 which, together with the interim dividend of 0.24p paid on 19 December 2016, makes a total of 0.74p for the year.

Directors

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

Jeffrey Zitron	Chairman	
Steven Douglas	Joint Chief Executive	
Fiona Underwood	Joint Chief Executive and Company Secretary	
Susan Kane	Finance Director	(appointed 27/06/16)
Richard Wollenberg	Non-Executive director	
Derek Joseph[4]	Non-Executive Director	
Richard Murphy	Executive Director	(resigned 21/07/16)

[4] Derek Joseph was finance director up until 27 June 2016

Substantial Shareholdings

As at 31 March 2017, 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	11.7%	Direct
Steven Douglas	3,279,440	10.0%	Direct
Chris Wood	3,279,440	10.0%	Direct
Susan Kane	3,279,440	10.0%	Direct
Fiona Underwood**	3,279,440	10.0%	Direct
Derek Joseph	2,870,403	8.8%	Direct
Jeffrey Zitron	2,798,403	8.6%	Direct
Cardiff Property plc***	1,000,000	3.1%	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
***Richard Wollenberg holds 44.17% of the issued share capital and voting rights of Cardiff Property plc.

The Company is not aware of any changes to the above holdings between 31 March 2017 and the date of this report.

Corporate Governance Statement

The Directors report incorporates the Corporate Governance Statement set out on pages 15 to 17.

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 15 to 17.

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. It is preparing for the introduction of the General Data Protection Regulations in May 2018 by following the Information Commissioner's 12 step process and is starting this process with an information audit in July 2017.

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	Note 17 on page 52
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.

Susan Kane – Finance Director

By order of the Board

28 June 2017

Corporate Governance Statement

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 18 to 23, 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. For details of the code please refer to https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf

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 independent non-executive directors and three executive directors. The Board determines that Jeffrey Zitron, Derek Joseph (after resigning his role as Finance Director) and Richard Wollenberg to be independent Non-Executive Directors; its assessment is based on the fact that Jeffrey Zitron, Derek Joseph and Richard Wollenberg do not receive any additional benefits from the Group.

The Board meets regularly with senior staff throughout the year to discuss areas of operational performance, trading outlook and growth opportunities. The Board met ten 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
Jeffrey Zitron	✔	✔ *	✔ *
Richard Wollenberg	✔ *	✔	✔
Derek Joseph	✔	✔	✔
Fiona Underwood	✔		
Steven Douglas			✔

*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 at least twice a year 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 this period.

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 report of the Remuneration Committee is set out on pages 18 to 23 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 delivered 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.

Remuneration Committee membership

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

Statement from the Chairman

I am pleased to present the Annual Report on Remuneration for the year ended 31 March 2017.

The Remuneration Committee has used the policy originally adopted in August 2015 and then revised in July 2016 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 2002.

The Remuneration Committee met on 25 May 2017 to discuss the remuneration for the directors of the Group. The committee agreed that there would be no changes to directors' remuneration and that the remuneration policy would remain as revised in July 2016.

The remuneration policy is designed to attract and retain executive directors and to motivate them in delivering the objectives of the Company. The policy also covers the senior management teams within the subsidiaries who are key to supporting the delivery of those objectives. The underlying principle is that employee and director share ownership is encouraged and the remuneration policy provides opportunity to reward all employees through the award of share options. This links their personal interest to the success of the company.

Jeffrey Zitron - Chairman of the Remuneration Committee

28 June 2017

Directors' Remuneration Report

The information provided on pages 19 to 21 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 (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

Directors' remuneration as a single figure (2016)

	Salary and fees	All taxable benefits	Annual bonuses	LTIP	Pension	Total
	£	£	£	£	£	£
Richard Wollenberg*	1,232	-	-	-	-	1,232
Derek Joseph**	6,140	-	-	-	-	6,140
Steven Douglas	61,110	740	20,000	27,200	7,700	116,750
Fiona Underwood	61,110	1,950	20,000	27,200	3,666	113,926
Richard Murphy	33,484	-	-	-	-	33,484
	163,076	2,690	40,000	54,400	11,366	271,532

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

Directors' remuneration as a single figure (2017)

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

Directors' Remuneration Report

Directors' remuneration as a single figure (2016)

	Salary and fees	All taxable benefits	Annual bonuses	LTIP	Pension	Total
	£	£	£	£	£	£
Richard Wollenberg*	2,389	-	-	-	-	2,389
Jeffrey Zitron	7,500	-	-	-	-	7,500
Derek Joseph**	388	-	-	-	-	388
	10,277	-	-	-	-	10,277

*Richard Wollenberg held an executive director role up until 19 August 2015.
**Derek Joseph held a non-executive director role up until 19 August 2015, the role of 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 Murja 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 2016/17 outturn (reported profit before tax and exceptional items) plus 10%, adjusted for any on-off costs and expenses.

2016/17 Award

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

Performance Target Aquila 2016 profit increased by 10%[5]	Actual Performance Aquila 2016 profit increased by 21.5%	Maximum Possible award	2016/17 Unconsolidated bonus award
£600,000	£663,174	£30,000	£Nil
£600,000	£663,174	£100,000 share options	Nil share options

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

[5] Profit before tax and excluding one-off deemed cost of listing and share option charge

2015/16 Award

Share options, relating to the 2015/16 award, were awarded during the year to directors as follows:

	Type of scheme	Face value £	Length of vesting period
Steven Douglas	EMI	46,000	3 years
Fiona Underwood	EMI	46,000	3 years
Susan Kane	EMI	46,000	3 years

There are no performance measures or targets in relation to the options granted. The face value of the options has been calculated based on the share price at date of grant of 46p per share.

Statement of directors' shareholding and share interest

The total number of directors' interests in shares as at 31 March 2017 (or date of resignation) is set out below:

	Number of shares	
Richard Wollenberg[6]	3,808,406	
Jeffrey Zitron	2,798,403	
Derek Joseph	2,870,403	
Steven Douglas	3,279,440	
Fiona Underwood	3,279,440	
Richard Murphy	376,344	(resigned 21 July 2016)
Susan Kane	3,279,440	

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[7]	Vested but unexercised[8]	Exercised during the year
Richard Wollenberg	-	-	515,000	-
Jeffrey Zitron	-	-	300,000	-
Derek Joseph	-	-	309,000	-
Steven Douglas	-	375,050	340,000	-
Fiona Underwood	-	375,050	340,000	-
Susan Kane	-	375,050	340,000	-

Payments to past directors

In the year ended 31 March 2017, 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 2017.

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[6] Includes shares held by immediate family members of Richard Wollenberg

[7] 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

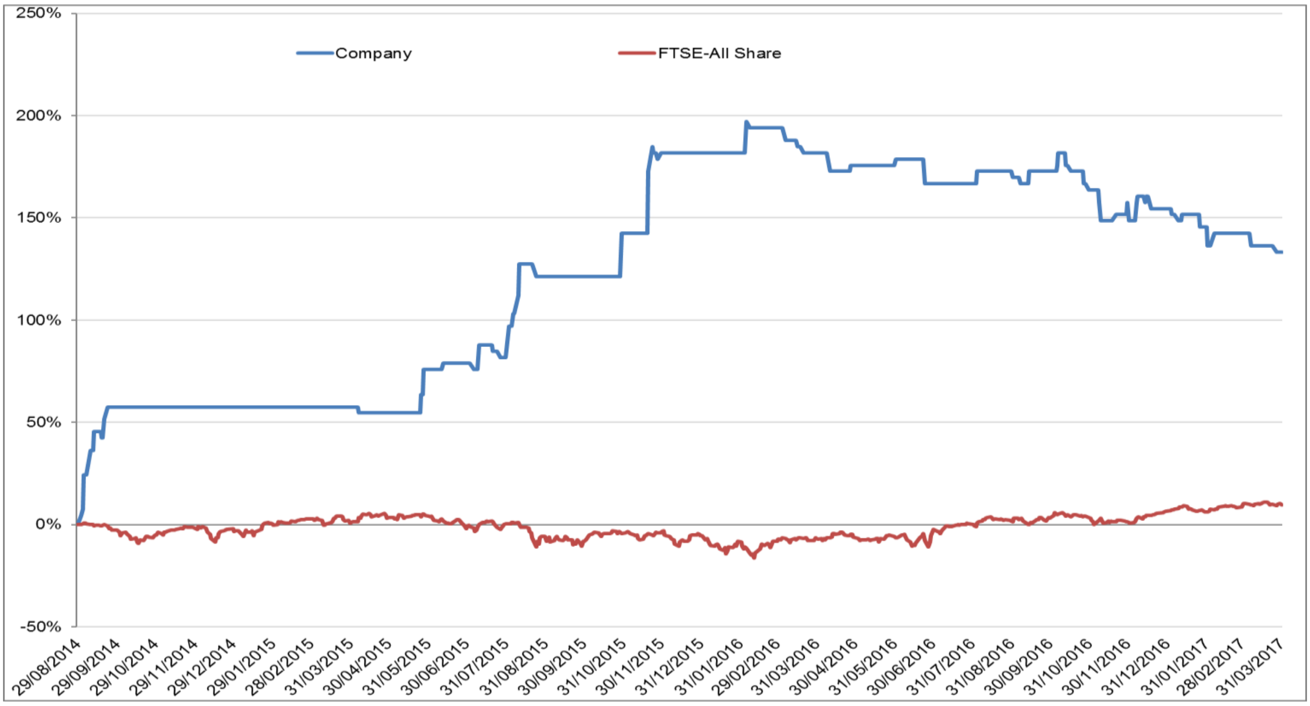
[8] The Unapproved Options may be exercised at any time up to 20 July 2020

Directors' Remuneration Report

The information provided on pages 22 to 23 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 Chief Executive Officers

	Total Remuneration	Annual bonuses	Shares receivable	Total
	£	£	£	£
Steven Douglas	112,288	-	-	112,288
Fiona Underwood	112,513	-	-	112,513

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 2016 and 31 March 2017.

	2017	**2016**	**Change %**
	£	£	
All employee remuneration	2,702,039	2,407,049	12.25%
Total dividend per share	0.74p	0.66p	12.12%
Distributions to shareholders	241,617	212,778	13.56%

Statement of implementation of remuneration policy in the following year

The Remuneration Committee proposes to continue with the policy approved by the shareholders at the 2016 Annual General Meeting.

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 period ended 31 March 2016 and the Directors Remuneration Policy were approved by shareholders at the Annual General Meeting held on 21 July 2016.

Directors' Remuneration Report	% of votes cast
For	100%
Against	0%
Total votes cast	100%

Directors' Remuneration Policy	% of votes cast
For	100%
Against	0%
Total votes cast	100%

Remuneration policy

The remuneration policy was originally set in January 2015, confirmed by the committee in August 2015 and revised in July 2016; the Remuneration Committee has reviewed the policy and agreed that it should remain unchanged.

The remuneration policy is designed to attract and retain executive directors and to motivate them in delivering the objectives of the Group. The policy also covers the senior management teams within the subsidiaries who are key to supporting the delivery of those objectives. The underlying principle is that employee and director share ownership is encouraged and the remuneration policy provides opportunity to reward all employees through the award of share options. This links their personal interest to the success of the company.

Future policy table

The future policy remains as revised in July 2016 and has kept the basic principles of the policy that was set in January 2015 and agreed by the Remuneration Committee in August 2015. The policy accounts for the Group as a whole to ensure that executive directors are adequately rewarded for their services and that there is a consistent approach to remuneration across the Group.

The Remuneration policy can be inspected on the Company's website www.aquilaservicesgroup.co.uk.

Jeffrey Zitron – Chairman

28 June 2017

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 11) 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

The financial statements are published on the Company's website www.aquilaservicesgroup.co.uk. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

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.

Susan Kane – Finance Director

On behalf of the Board

28 June 2017

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

We have audited the financial statements of Aquila Services Group plc for the year ended 31 March 2017 set out on pages 28 to 56. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditors' 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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the group and the parent company as at 31 March 2017 and of the group's profit for the year then ended; and
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, the requirements of the Companies Act 2016 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Jamie Cassell (Senior Statutory Auditor)
For and on behalf of
Saffery Champness LLP
Chartered Accountants
Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

28 June 2017

Consolidated statement of comprehensive income
For the year ended 31 March 2017

	Notes	**2017**	2016
		£	£
Revenue	4	5,928,201	4,746,144
Cost of sales	5	(4,453,466)	(3,458,532)
Gross profit		1,474,735	1,287,612
Administrative expenses	5	(964,692)	(997,786)
Operating profit		510,043	289,826
Deemed cost of listing	13	-	(3,104,527)
Finance income	4	5,512	1,713
Profit / (loss) before taxation	6	515,555	(2,812,988)
Income tax expense	8	(111,345)	(124,319)
Profit / (loss) for the year		404,210	(2,937,307)
Other comprehensive income		-	-
Total comprehensive income profit / (loss) for the year		404,210	(2,937,307)
Earnings profit / (loss) per share attributable to owners of the parent			
Basic	9	1.24p	(10.66p)
Diluted	9	1.08p	(10.66p)
Adjusted earnings per share before deemed cost of listing			
Basic	9	1.24p	0.61p
Diluted	9	1.08p	0.54p

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

The notes on pages 34 to 56 form part of these financial statements.

Consolidated and Company statements of financial position
As at 31 March 2017

	Note	**Group 2017 £**	Group 2016 £	**Company 2017 £**	Company 2016 £
Non-current assets					
Intangible assets	10	317,688	317,688	-	-
Property, plant and equipment	11	50,559	14,654	-	-
Investments	12	-	-	9,749,931	9,602,280
		368,247	332,342	9,749,931	9,602,280
Current assets					
Trade and other receivables	14	1,350,187	1,158,836	47	1,770
Deferred tax assets	15	-	11,671	-	-
Cash and bank balances		2,312,600	2,552,642	348,062	341,849
		3,662,787	3,723,149	348,109	343,619
Current liabilities					
Trade and other payables	16	951,923	1,276,501	217,380	218,530
Corporation tax		134,753	166,769	-	-
		1,086,676	1,443,270	217,380	218,530
Net current assets		2,576,111	2,279,879	130,729	125,089
Net assets		2,944,358	2,612,221	9,880,660	9,727,369
Equity					
Share capital	17	1,632,550	1,630,434	1,632,550	1,630,434
Share premium account	18	533,235	533,235	533,235	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	422,391	281,586	422,391	281,586
Retained (losses) / earnings		(2,056,679)	(2,245,895)	108,150	97,780
Equity attributable to the owners of the parent		2,944,358	2,612,221	9,880,660	9,727,369

The notes on pages 34 to 56 form part of these financial statements.

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 £225,364 (2016: £200,724).

The financial statements were approved by the board on 28 June 2017

Susan Kane – Finance Director

Company Registration No. 08988813

Consolidated statement of changes in equity
For the year ended 31 March 2017

	Share capital £	Share premium account £	Reverse acquisition reserve £	Merger reserve £	Share based Payment Reserve £	Retained earnings / (losses) £	Total equity £
Balance at 1 April 2015	515,000	464,960	(857,429)	-	17,016	758,752	898,299
Issue of shares	1,115,434	68,275	-	7,184,334	-	-	8,368,043
Reverse acquisition	-	-	(3,914,044)	-	11,923	-	(3,902,121)
Total comprehensive income	-	-	-	-	-	(2,937,307)	(2,937,307)
Transfer on exercise of options	-	-	-	-	(1,960)	1,960	-
Share based payment charge	-	-	-	-	254,607	-	254,607
Dividend	-	-	-	-	-	(69,300)	(69,300)
Balance at 31 March 2016	1,630,434	533,235	(4,771,473)	7,184,334	281,586	(2,245,895)	2,612,221
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

Aquila Services Group plc

Company statement of changes in equity
For the year ended 31 March 2017

	Share capital £	Share premium account £	Merger reserve £	Share based payment reserve £	Retained earnings / (losses) £	Total equity £
Balance at 1 April 2015	515,000	464,960	-	17,016	(35,604)	961,372
Issue of shares	1,115,434	68,275	7,184,334	-	-	8,367,043
Total comprehensive income	-	-	-	-	200,724	200,724
Transfer on exercise of options	-	-	-	(1,960)	1,960	-
Share based payment charge	-	-	-	266,530	-	266,530
Dividend	-	-	-	-	(69,300)	(69,300)
Balance at 31 March 2016	1,630,434	533,235	7,184,334	281,586	97,780	9,727,369
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

Consolidated statement of cash flow
For the year ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit / (loss) for the year	404,210	(2,937,307)
Interest received	(5,512)	(1,713)
Income tax expense	111,345	124,319
Share based payment charge	147,651	254,606
Deemed cost of listing	-	3,104,527
Depreciation	11,694	5,457
Operating cash flows before movement in working capital	669,388	549,889
Increase in trade and other receivables	(191,351)	(76,254)
(Decrease) / increase in trade and other payables	(324,578)	99,878
Cash generated by operations	153,459	573,513
Income taxes paid	(131,690)	(179,445)
Net cash inflow from operating activities	21,769	394,068
Cash flows from investing activities		
Interest received	5,512	1,713
Cash acquired on reverse acquisition	-	795,690
Cash acquired on purchase of subsidiary	-	785,262
Purchase of subsidiary	-	(899,696)
Purchase of property, plant and equipment	(47,599)	(16,344)
Proceeds from disposal of investments	-	207,834
Net cash (outflow) / inflow from investing activities	(42,087)	874,459
Cash flows from financing activities		
Proceeds of share issue	2,116	239,456
Dividends paid	(221,840)	(69,300)
Net cash (outflow) / inflow from financing activities	(219,724)	170,156
Net (decrease)/increase in cash and cash equivalents	(240,042)	1,438,683
Cash and cash equivalents at beginning of the year	2,552,642	1,113,959
Cash and cash equivalents at end of the year	2,312,600	2,552,642

Company statement of cash flow
For the year ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the year	225,364	200,723
Dividends received	(325,650)	(300,600)
Interest received	(1,024)	(1,017)
Operating cash flows before movement in working capital	(101,310)	(100,894)
Decrease in trade and other receivables	1,723	16,230
(Decrease) / increase in trade and other payables	(1,150)	215,696
Net cash (outflow) / inflow from operating activities	(100,737)	131,032
Cash flows from investing activities		
Interest received	1,024	1,017
Dividends received	325,650	300,600
Purchase of subsidiary	-	(1,053,782)
Net cash inflow / (outflow) from investing activities	326,674	(752,165)
Cash flows from financing activities		
Proceeds of share issue	2,116	86,075
Dividends paid	(221,840)	(69,300)
Net cash (outflow) / inflow from financing activities	(219,724)	16,775
Net increase/(decrease) in cash and cash equivalents	6,213	(604,358)
Cash and cash equivalents at beginning of the year	341,849	946,207
Cash and cash equivalents at end of the year	348,062	341,849

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 of 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
On 20 August 2015, the Company became the legal parent of Altair Consultancy and Advisory Services Limited (''Altair'') through a reverse acquisition. In the judgement of the Directors, the Company was not a business as defined by IFRS 3 prior to the transaction. As such, the transaction is not considered to be a business combination and therefore is deemed to be outside the scope of IFRS 3, instead falling within the scope of IFRS 2.

The principles of IFRS 3 have been applied in identifying Altair as the accounting acquirer. The consolidated financial statements of the Company are presented as a continuation of Altair's financial statements, reflecting the commercial substance of the transaction. However, the equity structure presented in the consolidated financial statements reflects the equity structure of the Company, including the equity instruments issued as part of the transaction.

2 Accounting policies (continued)

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.

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.

2 Accounting policies (continued)

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.

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.

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.

2 Accounting policies (continued)

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

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
The Group has issued share options to certain directors and employees. 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.

The fair value of share options granted is determined by applying the Black Scholes model. This model utilises inputs for the risk-free rate, expected volatility in share price, dividend yield and the current share price at fair value, which are factors determined on the date the share options are granted.

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:

- Annual Improvements 2012-2014 *
- IFRS 11 (amendments) Accounting for acquisitions of interests in joint operations *
- IFRS 14 Regulatory Deferral accounts *
- IAS 16 Property, Plant & Equipment and IAS 38 - Intangible assets (amendments) *
- IAS 27 (amendments) Equity Method in Separate Financial Statements *
- IAS 16 Property, Plant & Equipment and IAS 41 - Bearer Plants (amendments) *
- IAS 1 Disclosure initiative *

*Effective for annual periods beginning on or after 1 January 2016

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.

- IAS 7 (amendments) Statement of cashflows disclosure *
- IAS 12 (amendments) Income taxes on Recognition of deferred tax losses for unrealised losses *
- IFRS 2 (amendments) Share based payments **
- IFRS 9 Financial Instruments **
- IFRS 15 (amendments) Revenue from contracts with customers **
- IFRS 16 Leases ***
- IFRS 4 (amendments) 'Insurance contracts' regarding the implementation of IFRS 9 'Financial Instruments' **
- IFRIC 22 Foreign currency transactions and advance consideration **
- Annual Improvements 2014-2016 Cycles *

*Effective for annual periods beginning on or after 1 January 2017
**Effective for annual periods beginning on or after 1 January 2018
***Effective for annual periods beginning on or after 1 January 2019

The directors are evaluating the impact that these standards will have on the financial statements of the Group.

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.

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.

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.

3 Critical accounting estimates and judgements (continued)

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:

	2017	2016
	£	£
Continuing operations - rendering of services		
Specialist housing consultancy income	5,456,328	4,628,195
Treasury management consultancy income	471,873	117,949
	5,928,201	4,746,144
Interest revenue on bank deposits	5,512	1,713
	5,933,713	4,747,857

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. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ("CODM"). In accordance with IFRS 8 'Operating Segments', information on segment assets is not shown, as this is not provided to the CODM. The Group's revenues are mainly derived from operations in the UK and ROI. As a result, the CODM does not review segments by country or continent.

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.

5 Operating segments (continued)

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 Chief Executive for the purpose of resource allocation and assessment of segment performance.

	2017	2016
	£	£
Revenue from Consultancy	3,712,790	2,974,901
Revenue from Interim management	1,743,538	1,653,294
Revenue from Treasury management	471,873	117,949
	5,928,201	4,746,144
Cost of sales from Consultancy	2,627,985	2,045,190
Cost of sales from Interim management	1,483,353	1,413,342
Cost of sales from Treasury management	342,128	-
	4,453,466	3,458,532
Gross profit from Consultancy	1,084,805	929,711
Gross profit from Interim management	260,185	239,952
Gross profit from Treasury management	129,745	117,949
	1,474,735	1,287,612
Administrative expenses	(964,692)	(997,786)
Operating profit	510,043	289,826

6 Profit / (loss) before tax

	2017	2016
	£	£
Profit / (loss) before taxation is arrived at after charging:		
Deemed cost of listing	-	3,104,527
Auditors' remuneration	37,200	36,000
Other fees payable to auditors:		
- Taxation	-	12,000
- Corporate finance services	-	25,000
Depreciation of property, plant and equipment	11,694	5,457
Staff costs (see note 7)	2,702,039	2,407,049
Operating lease costs – land and buildings	49,605	39,400

The share option charge for the year of £147,651 (2016: £254,607) is included within administrative expenses.

7 Staff costs

	2017	2016
The average monthly number of employees (including directors) employed by the Group was:	37	30

	2017	2016
	£	£
Aggregate remuneration (including directors)		
Wages and salaries	2,322,383	1,878,993
Share-based payments	147,651	254,607
Pension contributions	88,565	80,770
Social security costs	257,513	192,679
	2,816,112	2,407,049
Directors' remuneration		
Salary (including taxable benefits)	347,362	270,443
Share-based payments	65,500	110,526
Pension contributions	12,000	11,366
	424,862	392,335

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

Salary (including taxable benefits)	106,513	109,050
Share-based payments	22,866	55,263
Pension contributions	6,000	7,700
	135,379	172,013

8 Taxation

	2017	2016
	£	£
Corporation tax:		
Current year	117,738	116,918
Adjustment in respect of prior years	(18,064)	-
	99,674	116,918
Deferred tax charge	11,671	7,401
	111,345	124,319

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

	2017	2016
	£	£
Profit/(loss) before taxation	515,555	(2,812,988)
Tax at the UK corporation tax rate of 20% (2016: 20%)	103,111	(562,598)
Expenses not deductible	26,298	66,012
Adjustment in respect of prior years	(18,064)	-
Deemed cost of listing	-	620,905
	8,234	686,917
Tax expense for the year	111,345	124,319

9 Earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) 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.

	2017	2016
	£	£
Profit / (loss) after tax attributable to owners of the parent	404,210	(2,937,307)
Weighted average number of shares		
- Basic	32,633,381	27,566,749
- Diluted	37,301,635	27,566,749
Basic earnings/(loss) per share	**1.24p**	**(10.66p)**
Diluted earnings/(loss) per share	**1.08p**	**(10.66p)**
Adjusted earnings per share before deemed cost of listing		
Profit / (loss) after tax attributable to owners of the parent	404,210	(2,937,307)
Deemed cost of listing	-	3,104,527
Adjusted earnings	404,210	167,220
Weighted average number of shares		
- Basic	32,633,381	27,566,749
- Diluted	37,301,635	30,918,874
Adjusted basic earnings per share	**1.24p**	**0.61p**
Adjusted diluted earnings per share	**1.08p**	**0.54p**

Potential Ordinary shares are antidilutive when their conversion to Ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

10 Intangible assets

Group	Goodwill
	£
Cost	
At 1 April 2015	-
Additions	317,688
At 31 March 2016	317,688
Additions	-
At 31 March 2017	317,688
Accumulated impairment losses	
At 1 April 2015 and 31 March 2016	-
Impairment losses for the year	-
At 31 March 2017	-
Net book value	
At 31 March 2015	-
At 31 March 2016	317,688
At 31 March 2017	317,688

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

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 2015	-	-	-
Additions	-	20,111	20,111
At 31 March 2016	-	20,111	20,111
Additions	34,339	13,260	47,599
At 31 March 2017	**34,339**	**33,371**	**67,710**
Accumulated depreciation			
At 1 April 2015	-	-	-
Charge for the year	-	5,457	5,457
At 31 March 2016	-	5,457	5,457
Charge for the year	953	10,741	11,694
At 31 March 2017	**953**	**16,198**	**17,151**
Net book value			
At 31 March 2015	-	-	-
At 31 March 2016	-	14,654	14,654
At 31 March 2017	**33,386**	**17,173**	**50,559**

12 Investment

Company	Investments in subsidiaries £
Cost	
At 1 April 2015	-
Additions	9,602,280
At 31 March 2016	9,602,280
Additions	147,651
At 31 March 2017	**9,749,931**
Accumulated impairment losses	
At 1 April 2015 and 31 March 2016	-
Impairment losses for the year	-
At 31 March 2017	**-**
Net book value	
At 31 March 2015	-
At 31 March 2016	9,602,280
At 31 March 2017	**9,749,931**

The addition of £147,651 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 2017 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%
Murja 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 Business combinations

On 20 August 2015, General Industries plc (now Aquila Services Group plc) became the legal parent of Altair Consultancy and Advisory Services Limited by way of reverse acquisition. The cost of the acquisition is deemed to have been incurred by Altair Consultancy and Advisory Services Limited, the legal subsidiary, in the form of equity instruments issued to the owners of the legal parent. The deemed cost of listing arising on the reverse acquisition was £3,104,527.

On 12 December 2015, the Group acquired 100% of the issued share capital of Murja Limited, thereby obtaining control. The principal activity of Murja Limited is that of treasury management services. Murja Limited was acquired so as to broaden the range of services the Group can offer.

14 Trade and other receivables

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Trade receivables	1,153,940	995,660	-	-
Other receivables	11,055	17,081	47	1,770
Prepayments and accrued income	185,192	146,095	-	-
	1,350,187	1,158,836	47	1,770

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 2017	1,153,940	774,753	299,432	30,933	48,822
31 March 2016	995,660	687,310	236,379	50,149	21,822

15 Deferred tax assets

The following are the Group's major deferred tax assets recognised and the movements thereon during the current and prior reporting period.

	Decelerated capital allowances	**Other timing differences**	**Total**
	£	**£**	**£**
At 31 March 2015	3,045	16,027	19,072
Charge to profit or loss	(1,741)	(5,660)	(7,401)
At 31 March 2016	1,304	10,367	11,671
Charge to profit or loss	(1,304)	(10,367)	(11,671)
At 31 March 2017	-	-	-

Deferred tax assets are recognised to the extent that it is probable that the future tax profits will allow the deferred tax assets to be recovered.

16 Trade and other payables

	Group 2017	Group 2016	**Company 2017**	Company 2016
	£	£	**£**	£
Trade payables	274,420	220,307	140	19,621
Other payables	27,668	61,067	-	-
Amounts owed to Group undertakings	-	-	183,865	183,409
Taxes and social security costs	341,020	354,117	-	-
Accruals and deferred income	308,815	641,010	33,375	15,500
	951,923	1,276,501	217,380	218,530

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

17 Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
32,651,003 (2016: 32,608,688) Ordinary shares of 5p each	1,632,550	1,630,434

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 2015	10,300,000	515,000	464,960	-
Issued at 37.5p per share on 19 August 2015 to acquire Altair	21,200,000	1,060,000	-	6,890,000
Issued at 46.5p per share on 15 December 2015 to acquire Murja	120,000	6,000	-	49,800
Issued at 43.65p per share on 11 March 2016 to acquire Murja	632,688	31,634	-	244,534
Issued at 43.65p per share on 11 March 2016	150,000	7,500	57,975	-
Issued at 10p per share on 11 March 2016 upon exercise of options	206,000	10,300	10,300	-
At 31 March 2016	32,608,688	1,630,434	533,235	7,184,334
Issued at 5p per share on 31 August 2016 upon exercise of options	42,315	2,116	-	-
At 31 March 2017	32,651,003	1,632,550	533,235	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 and Murja. 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

	2017	2016
	£	£
Amounts recognised as distributions to equity holders		
Final dividend paid of 0.44p per share	143,478	-
Interim dividend paid of 0.24p per share (2016: 0.22p)	78,362	69,300
	221,840	69,300
Proposed final dividend of 0.50p per share (2016: 0.44p)	163,255	143,478

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 4 August 2017 to shareholders on the Register of Members at 21 July 2017. The total recommended dividend to be paid is 0.50p 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 2017 arising from share-based payment transactions is £147,651 (2016: £254,067).

Unapproved scheme	**Number**	**Weighted average exercise price**
Number of options outstanding at 1 April 2016	2,587,093	£0.23
Granted during period	-	-
Forfeited during period	-	-
Exercised during period	-	-
Number of options outstanding as at 31 March 2017	2,587,093	£0.23
Number of options exercisable as at 31 March 2017	2,587,093	£0.23

The exercise price of the options outstanding at 31 March 2017 ranges between £0.10 and £0.42. The weighted average remaining contractual life of the options outstanding at 31 March 2017 is 3 years (2016: 4 years).

20 Share-based payment transactions (continued)

EMI scheme	Number	Weighted average exercise price
Number of options outstanding at 1 April 2016	1,713,772	£0.05
Granted during period	510,000	£0.05
Forfeited during period	(62,316)	£0.05
Exercised during period	(42,315)	£0.05
Number of options outstanding as at 31 March 2017	2,119,141	£0.05
Number of options exercisable as at 31 March 2017	296,208	£0.05

The weighted average remaining contractual life of the options outstanding at 31 March 2017 is 8 years (2016: 9 years).

For the EMI share options granted during the year, the weighted average fair value of the options is £0.42. The fair value of the options was measured using the Black Scholes options valuation model. The inputs into that model in respect of the EMI share options were as follows:

Share price	£0.46
Exercise price	£0.05
Expected volatility	19.29%
Expected option life	10 years
Risk-free rate	0.86%

The risk-free rate is based on the yield of a 10 year government bond.

The expected share price volatility is based on the Company's share price since 20 August 2015.

For the EMI share options exercised in the year, the share price at the date of exercise was £0.45.

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:

	2017	2016
	£	£
Within one year	49,605	39,400
In the second to fifth years inclusive	71,106	91,000
	120,711	130,400

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.

	2017	2016
	£	£
Short-term employee benefits	694,790	586,283
Share-based payments	112,956	212,116
Post-retirement benefits	12,000	22,934
	819,746	821,333

23 Related party disclosures

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

Dividends totalling £153,646 (2016: £49,709) were paid in the year in respect of Ordinary shares held by the Company's directors.

During the year the Group charged £24,060 (2016: £24,060) to DMJ Consultancy Services Limited for administrative services, a company in which Derek Joseph serves as a director. At 31 March 2017, the balance owed to the Group by DMJ Consulting Limited was £7,219 (2016: £14,436).

During the year the Group was charged £257 (2016: £12,410) by Jeffrey Zitron for consultancy services.

24 Retirement benefit schemes

Defined contribution schemes

	2017	2016
	£	£
Contributions payable by the Group for the year	88,565	80,770

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 2017 year end, £107,604 (2016: £68,808) is due from one customer. There are no other customers that represent more than 9% 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 £2,312,600 (2016: £2,552,642) at the year-end.

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 2017.

29 Contingent liabilities

There were no contingent liabilities at 31 March 2017.

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 27 July 2017 at 4:30 pm, for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions numbered 1 to 4 will be proposed as ordinary resolutions and resolutions 5 to 7 will be proposed as special resolutions:

Ordinary business

1. To receive the reports of the directors and auditor and the financial statements for the period ended 31 March 2017.

2. To approve the remuneration report for the period ended 31 March 2017.

3. That, following a recommendation by the directors, a final dividend payment of 0.50p per Ordinary Share shall be paid to those persons who were named on the register of shareholders on 21 July 2017.

4. 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.

Special business

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

   5.1 £205,657 in connection with the valid exercise of the unapproved options 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

   5.2 in any other case, £544,183 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authorities in paragraphs 11.1 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.

6. That, subject to Resolution 5 above being duly passed, the directors of the Company be and are hereby empowered, pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) wholly for cash pursuant to the authority conferred upon them by Resolution 6 above (as varied, renewed or revoked from time to time by the Company at a general meeting) as if section 561(1) of the Act did not apply to any such allotment provided that such power shall be limited to the allotment of equity securities:

6.1 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;

6.2 in connection with the valid exercise of Options;

6.3 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

6.4 otherwise, up to a maximum nominal amount of £81,628.

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.

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

7.1 the maximum aggregate number of Ordinary Shares that may be purchased is 3,265,100;

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

7.3 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.

7.4 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

28 June 2017

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 28 June 2017 the company's issued share capital comprised 32,651,003 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 28 June 2017 is 32,651,003.

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.