2018

Bilby PLC

Annual Report &
Financial Statements

Company overview

Bilby is an established and award-winning provider of gas and electrical installation, maintenance and general building services to local authority and housing associations across London and the South East.

Through our award-winning subsidiaries, P & R Installation Co Limited ("P & R"), Purdy Contracts Limited ("Purdy"), DCB (Kent) Limited ("DCB") and Spokemead Maintenance Limited ("Spokemead"), we provide general building, gas maintenance and electrical services to over 300,000 domestic and commercial dwellings across London and South East England. These services are predominately delivered to local authorities and housing associations on multiple, standalone or long-term contracts.

Bilby PLC

The Bilby Group comprises four trading companies:

DCB (Kent) Limited
BUILDING & REFURBISHMENT CONTRACTORS

P&R

PURDY

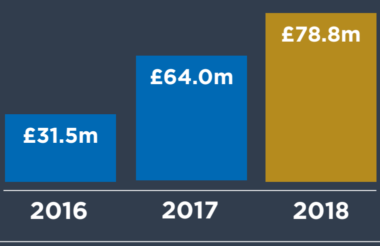
Spokemead

Contents

Financial highlights

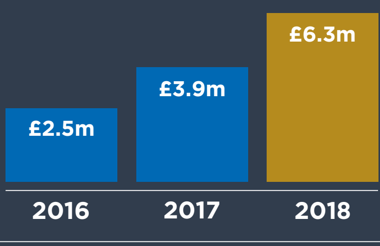
Revenue

£78.8m



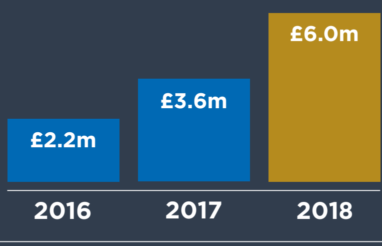
Underlying EBITDA

£6.3m



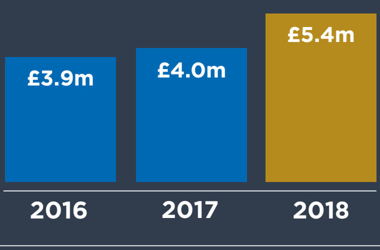
Underlying Operating Profit

£6.0m



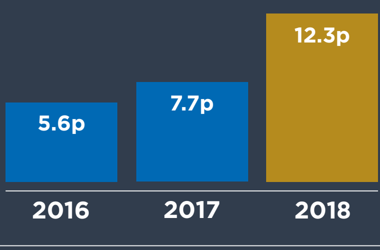
Net debt

£5.4m



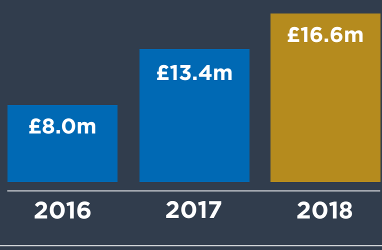
Adjusted EPS

12.3p



Net assets

£16.6m



Operational highlights

Excellent organic growth achieved during the period through the winning of new large-scale contracts with blue chip organisations

Success in cross-selling services from within the Group, expanding the remit and scope of services to existing customers

Increased number of projects where several Bilby companies are working together

Significant investment in operational software driving synergies and efficiency amongst engineers

High advocacy levels with customer compliance levels currently running at nearly 100% and customer satisfaction at above 95%

Drivers of our business

- Increasing demand for our services from existing clients
- Regulatory demands from local and national government
- Additional availability of budget in local councils
- Continued reliability of a budget
- National and local government commitment to support social housing
- Multiple services offering to meet client needs

Our services

Gas Services

We provide gas maintenance and installation services which are offered to both domestic clients and corporate contracts for housing authorities that include system upgrades, meter connections, boiler work and central heating solutions. Gas heating services is a heavily regulated profession and by law the Group's gas engineers are registered on the Gas Safe Register. P&R and Purdy specialise in providing these services.

Electrical Services

We offer a full range of electrical services from new installations to maintenance, upgrades and rewires. We also provide a full 24 hour emergency call out service for our contracts. Our Spokesmead and Purdy businesses specialise in this market.

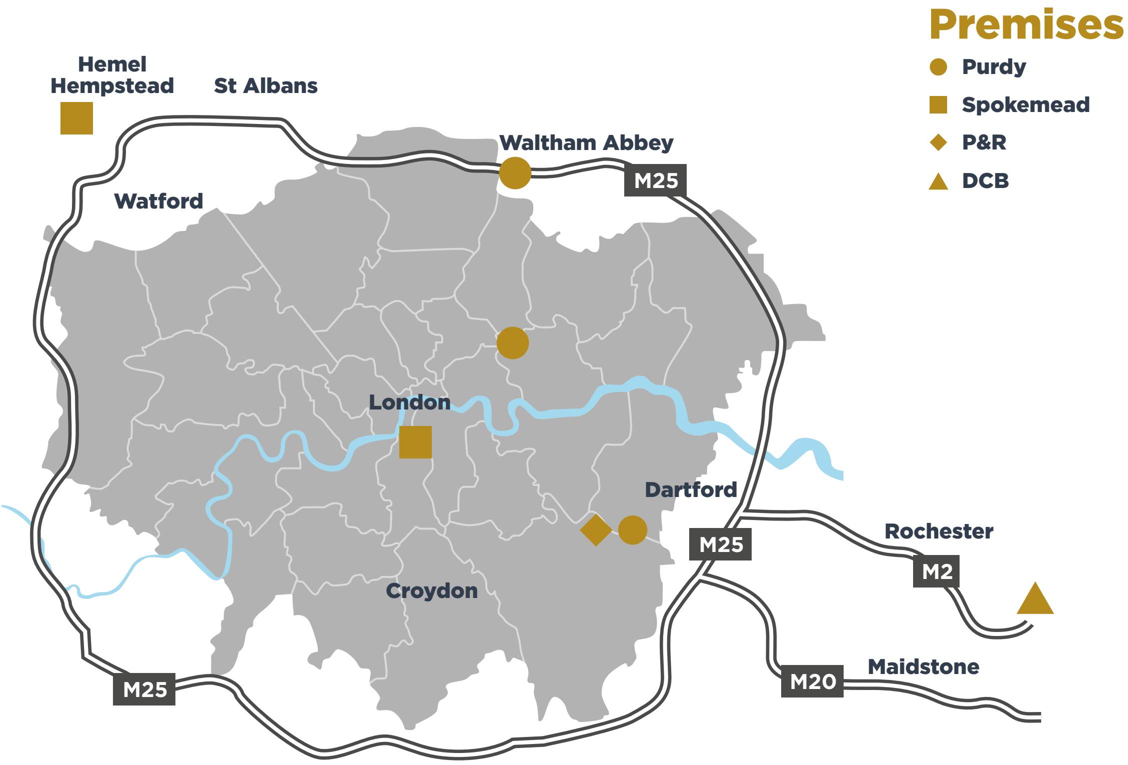
Building Services

We offer multiple services including plumbing, electrics and general building maintenance, repair and new build. These services are typically carried out by sub-contractors that enable us to have a flexible and scalable business.

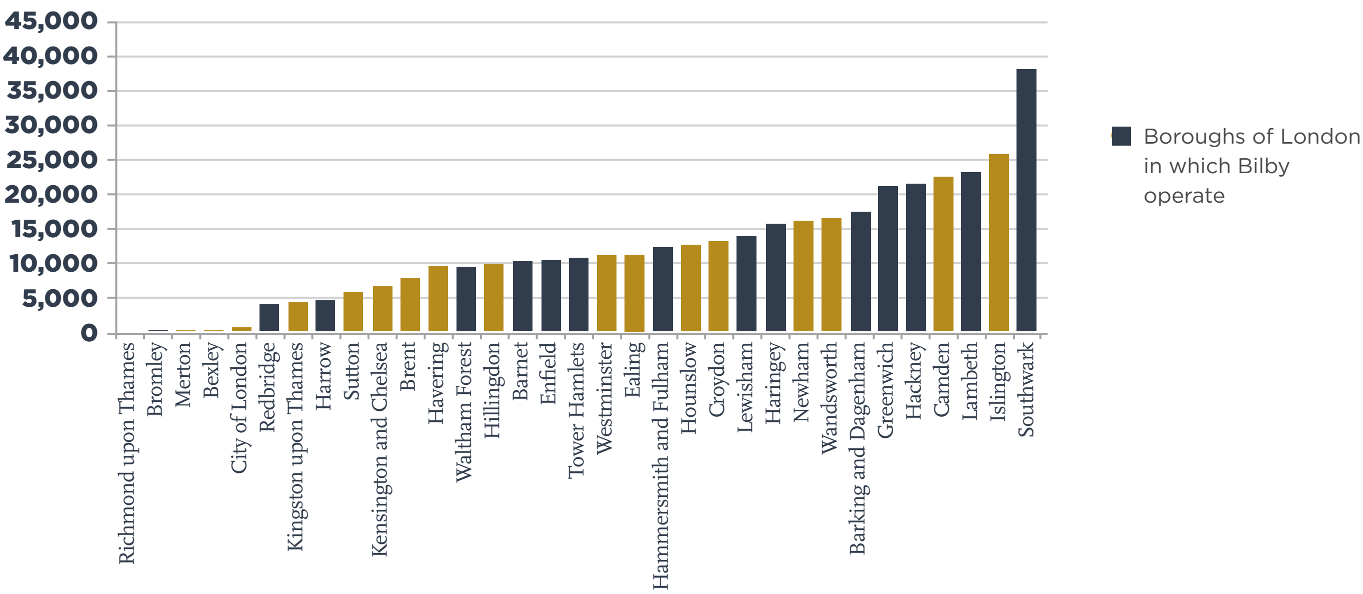
Geographic focus and operational model

Our Footprint

Bilby serves housing associations and local authorities in London and South East England.



Bilby services 15 out of a total of 33 London Boroughs, comprising housing stock of 393,940 dwellings.



Chairman's statement

I am delighted to report that the Group has achieved an excellent performance for the year ended 31 March 2018 with record revenues, profits and shareholder returns.

Sangita Shah
Non-Executive Chairman

This was delivered by maintaining our tight focus on operational excellence and first-class customer service. The period was characterised by companies within the Group winning many new large scale contracts.

Our commitment to best in class service enables us to maintain a culture of long-term partnerships with our customers. Reflecting this, we take great pride in the fact that year-on-year we have consistently grown the number of properties we provide services for.

In recognition of the Group's excellent progress and confidence in the future, the Board has recommended a final dividend of 2p per ordinary share that, together with the interim dividend of 0.5p, represents a total of 2.5p per share up 42.8% from 2017. The Group's shares will be marked ex-dividend on 26 July 2018 and the final dividend will be paid, subject to shareholder approval, to those shareholders on the register at close of business on 27 July 2018 in September 2018. The Group's dividend policy will continue to be actively reviewed by the Board to ensure shareholders receive an appropriate return whilst ensuring the Group retains sufficient resource to invest for growth and expansion.

Market

Bilby operates in a market with heightened awareness and focus on compliance and safety. This has led to many housing associations and councils prioritising widescale reviews of their properties. This increased awareness, coupled with the continued growing demand for high-quality affordable homes in London and the South East, ensures that gas heating, electrical and general building services remain in high demand. In this growing market Bilby's long-term track record of delivery and reputation for the highest levels of customer satisfaction ensure it is ideally placed to meet this demand and grow and deliver value for all stakeholders.

Bilby has also had success in cross-selling services from within the Group and expanding the scope of work with existing customers.

Strategy

Bilby's strategy is to grow organically and when market conditions allow, complement this with our targeted buy-and-build strategy. In addition to the excellent organic growth achieved during the period through the winning of new large-scale contracts, Bilby has also had success in cross-selling services from within the Group and expanding the scope of work with existing customers. This operational momentum significantly increases the Group's visibility of future revenues which currently stands in excess of £275 million.

The Group listed on the AIM market in 2015 with one subsidiary and today there are four within the Bilby group. We continue to benefit from the scale and the collective organisation which has enabled them to tender for larger scale contracts. These efficiencies of scale within our core London and South East market deliver both excellent customer service levels and high margin returns.

Growth through acquisition still remains a key focus and we continue to review a number of opportunities that could meet our strict acquisition criteria. These criteria target first class management teams providing complementary services in our target markets to ensure further high margin and sustainable growth.

Our People

On behalf of the Board I would like to thank our employees for their continued hard work, diligence and focus on providing our customers with a first-class service. They ultimately create and maintain the high reputation the business is proud of. The Group will continue to invest in the development and training of all our employees and we are fully committed to being a best in class employer.

Outlook

We are extremely well placed to exploit many of the opportunities that the market presents and build on the success of an excellent period. We have a clear, proven growth strategy of developing our presence in our core market in London and the South East. The companies within the Bilby group will continue to benefit from the opportunities and synergies that come with increased scale, a reputation for a first-class offering and a tight geographic focus. We are excited by what the future holds and we look to it with confidence.

Sangita Shah
Non-Executive Chairman
2nd August 2018

£275m

Bilby's visibility of future revenues

Record revenue and profits for

2018

The marketplace

Market Drivers

The gas heating, electrical and general building services within social housing are benefiting from strong market fundamentals. These are being driven by government standards and legislation such as the Decent Homes Standard and Right to Repair Scheme. The growing demand for high quality affordable homes is adding pressure to local government and housing associations to maintain and improve their current housing stock as well as building new homes.

During the Autumn budget in November 2017, the government announced details of its social housing programme which includes £15.3bn of new investment and support in the form of capital funding, loans and guarantees. Its target is to deliver an additional 300,000 homes per year by the mid-2020's. This will mean that councils will be invited to bid for increases in their budgets to deliver targets in their regions.

Growing Demand for Bilby's Services is Driven by

519,010

Local authority owned properties across London and the South East

- 394,000 in London Boroughs
- 31,000 in Kent
- 32,000 in Hertfordshire
- 43,000 in Essex
- 19,000 in Surrey

£3.2 billion

Spent on repair and maintenance for local authority and housing association homes in 2016/2017 in England

5%

Percentage spending growth offset by Housing Associations in 2019 focusing on the maintenance of existing housing stock

87,510

Number of homes completed in London from 2014 – 2016 (Housing in London 2017 report)

20,000

NEW HOMES

in London to be built costing £8.0bn by 2021

£3,306

Average Housing Association spend on each social housing property each year

Source: www.gov.uk/government/statistical-data-sets
www.gov.uk/government/collections/local-authority-housing-data

Our strategy

Bilby's strategy of operating predominantly in London and the South East gives it significant access to a highly concentrated area of large scale customers that includes 1.32 million local authority and social housing association properties. With operational excellence underpinning all its activities, the Group is wholly focused on delivering first-class customer service to its target market of social housing that drives demand. This has enabled Bilby to achieve significant operational momentum by becoming a partner of choice.

Each Company within our Group continues to operate under long established brands in a defined market. Our strategy of operating within a limited geographic focus, delivering best in class service and maintaining a disciplined pricing model and cost base also ensures operational efficiencies that drive both revenues and sustainable margins.

Since IPO in 2015 we have had a two-pronged approach to our strategy by delivering a combination of organic and acquisitive growth with the Board looking to apply a dividend policy which closely tracks earnings growth.

Bilby has delivered on its 'buy-and-build' strategy and in doing so has enabled the Group to tender for certain contract opportunities that it may otherwise have been precluded from due to pre-qualification revenue restrictions. The Group remains committed to its "buy-and-build" strategy and continues to review a range of opportunities. Bilby's disciplined acquisition policy ensures it only reviews possible acquisitions based on strict criteria to ensure any acquisition is value enhancing and delivers significant service synergies and operational efficiencies.

Due to Bilby's scale, focus and operational excellence, it is in a position to select the partners it wants to work with that drive margins through the business. When we work with our partners we work for the long-term and our method of assessment includes:

- Return on capital
- Geographical location
- Human resources
- Risk management
- Cash conversion
- Length of contract
- Additional workloads
- Timings

Our business

Bilby PLC

P&R

P&R is an established and award-winning provider of gas heating and building maintenance services. Founded in 1977 P&R now provides both planned and reactive general building services to over 100,000 homes and commercial properties across London and South East England.

P&R is largely focused on providing services to the public sector housing market. It has long term contracts with local authorities and housing associations.

The Directors believe that with its wide range of services, fast response times and excellent customer service, P&R is well positioned to benefit from opportunities in the building maintenance services market and will continue to see growth in demand for its services. The company is head-quartered in Sidcup, Kent and employs over 100 permanent staff.

Gas Servicing | Electrical | Heating | Plumbing | Building Refurbishment | Water Management | Repairs and Maintenance

PURDY

Purdy is an award-winning contractor based in London, established in 1984 and part of the Bilby plc group of companies. Its three divisions undertake Electrical, Mechanical and Property Services work for both the domestic and commercial sectors. Purdy's services include internal and external refurbishment and repairs for both planned and reactive works programmes. Purdy works closely with many local authorities, registered providers and large commercial organisations and currently maintains in excess of 150,000 properties. Purdy employs 120 permanent staff.

The business was acquired by Bilby in 2015 for over £8 million. The rationale of the acquisition was to enable the cross-selling of its heating and building services to its existing customers whilst enabling the enlarged group to qualify for and tender for larger contracts that required minimum revenue qualification.

Purdy's absolute commitment to excellent customer service means it maintains a 24/7/365 service within London and South East England, including Essex, Hertfordshire and Suffolk.

Gas Servicing | Electrical | Heating | Plumbing | Building Refurbishment | Repairs and Maintenance

Spokemead

Spokemead specialises in electrical installation, repairs and maintenance services for local authority owned housing stock. It was acquired by Bilby in 2016 for a total consideration of £8.7 million and enabled the Group to expand its offering to its core customer base. With a highly skilled and highly motivated workforce of over 30 fully qualified electricians. The workforce and management structure has been specifically designed to meet the needs of clients in this complex and demanding operating environment.

Spokemead has extensive experience and detailed working knowledge and practices in the field, and already has the infrastructure, knowledge, expertise and network in place to seamlessly continue to provide a first-class service. Spokemead has proven its ability to respond to emergency supply disruption and is committed to working in partnership on long-term projects.

Spokemead strives to be the market leader in the provision of electrical services to its clients and promotes integrity, fairness and equality in the workplace.

Electrical | Repairs and Maintenance

DCB (Kent) Limited
BUILDING & REFURBISHMENT CONTRACTORS

DCB (Kent) provides high quality building, refurbishment and maintenance services to housing associations and local authorities throughout Kent, Sussex, Essex and London. DCB (Kent) also provides disabled adaptations to occupied homes and public buildings through a specialist division, Living Solutions, which was founded in 2001. DCB (Kent) provides high quality building, refurbishment and maintenance services to housing associations and local authorities throughout Kent, Sussex, Essex and London.

From reactive maintenance and kitchen and bathroom upgrades through to major refurbishment and new build projects, DCB (Kent) provide a full range of services to their clients which are primarily housing associations and local authorities.

DCB (Kent) continues to perform well and the Directors believe it is well placed to continue its excellent growth.

Building Refurbishment | Living Solutions | Repairs and Maintenance

University of Kent case study

The University of Kent Campus at Canterbury has 20,135 students, providing accommodation to 5,300 on campus.

The standard of student housing is of the highest quality, with the university undertaking full refurbishments on a 10-year phased programme.

DCB (Kent) first undertook a student residence refurbishment in the summer of 2014. It was our first contract with the University of any kind, so we were delighted to have won such a prestigious project. The work involved a full strip out, partial rewire and data, structural alteration, plastering and joinery works, new fitted kitchens and wet rooms, fitted bedroom furniture, full redecoration and flooring renewal to 28 6-bedroom houses in Denstead and Ellenden Courts at the Canterbury campus, inside a 12-week period ready for the new student intake in the middle of September. At a value of £1.4m the project represented a significant portion of DCB (Kent)'s turnover, concentrated into Q2.

The work was completed on time and to a standard that won us both praise from the University Estates team, and the opportunity to tender again for the 2015 project; a repeat of 2014 on a larger scale; 33 houses at Lypeatt Court together with Tyler Court B flats – a further 165 residences across 5 storeys including the main roof renewal and external façade redecoration. The contract period was once again 12 weeks; this is the only time in the University annual calendar when the accommodation can be vacant, and therefore all works, however complex and challenging must be undertaken and completed in this fixed time period.

Working at the University campus is extremely challenging, as whilst the students are away for the 12-week period, the University plays host to a full programme of summer lettings to conference delegates, foreign exchange students and summer retreat parties. Tightly controlled segregation is required at all times for the safety of everyone using the campus. The University has the highest of standards both in the requirements of the finished product and in the qualifications and professionalism of the personnel involved.

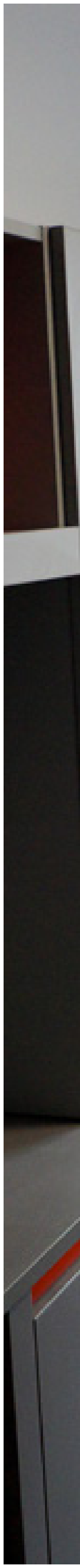
The 2015 contract was much more challenging due to its size and complexity but the DCB (Kent) team were able to deliver the contract on time once again to praise from the University team, whom by this time we had built an excellent working relationship.

The University were looking for stability and cost visibility over a longer period and so tendered the Student Residences Refurbishment project for the forthcoming 3 years in one exercise. DCB (Kent) were extremely keen to secure what had by then become part of 'what we do'.

In fact, although the work period is only 12 weeks, the team at DCB (Kent) work on the project throughout the year. The intensity of the refurbishment timescale requires an extraordinary number of resources, the planning and procurement of which takes many months to prepare ensuring that when the construction period goes live, everything is in place to move seamlessly. There is no float in the refurbishment programme, and no room for error, and so as with any successful project, the planning and preparation is critical to achieving the results.

DCB (Kent) were delighted to be awarded the 3-year project with an out-turn value of around £9m. Years 1 and 2 have been successfully delivered to the exacting standards of the client, and we are about to commence Year 3 at the time of writing.

Such is our relationship with the client, we are also about to commence negotiation of the 2019 contract as a pro-rata of the 3-year contract, meaning we will have delivered the Canterbury campus student residence refurbishments for a continuous 6-year period. The University plan no works in 2020, but intend to tender a 5-year contract to commence in 2021, which DCB (Kent) intend to secure.



We have been extremely impressed with service and quality of workmanship DCB (Kent) has delivered. Our student accommodation refurbishment projects are challenging and need to be undertaken within a tight timescale and finished to a high standard, I am pleased to advise that DCB (Kent) has always delivered our projects on time and within budget.

DCB (Kent) has also provided a robust aftercare service ensuring any defects that have occurred post completion are rectified promptly and with minimal disturbance to our students.

— Daniel Beacon,
Senior Building Surveyor at the
University of Kent

Hyde case study

Hyde was founded in 1967, when the country's major cities were still struggling to overcome the impact of World War II. Demand for decent affordable housing outstripped the capacity of the building industry, including local authorities, to supply.

A group of working professionals met at a Round Table meeting hosted by the Duke of Edinburgh, to encourage local people to make a difference in their communities. Inspired by this, the young men talked about what they could do to tackle homelessness in the area. Hyde's founders continued this conversation in the Black Horse pub in Sidcup and the rest is history...

Throughout the decades, Hyde has remained true to the ideals to which it aspired when embarking on that journey in 1967: to help people, excluded from the mainstream housing market, by providing them with decent, affordable homes and managing them properly.

Hyde was named after Hyde Vale in Greenwich, where one of the founders (an estate agent) had recently sold a property and felt the name would bring good luck. The founders suffered a few setbacks before purchasing Hyde's first home in Halesworth Road, Lewisham.

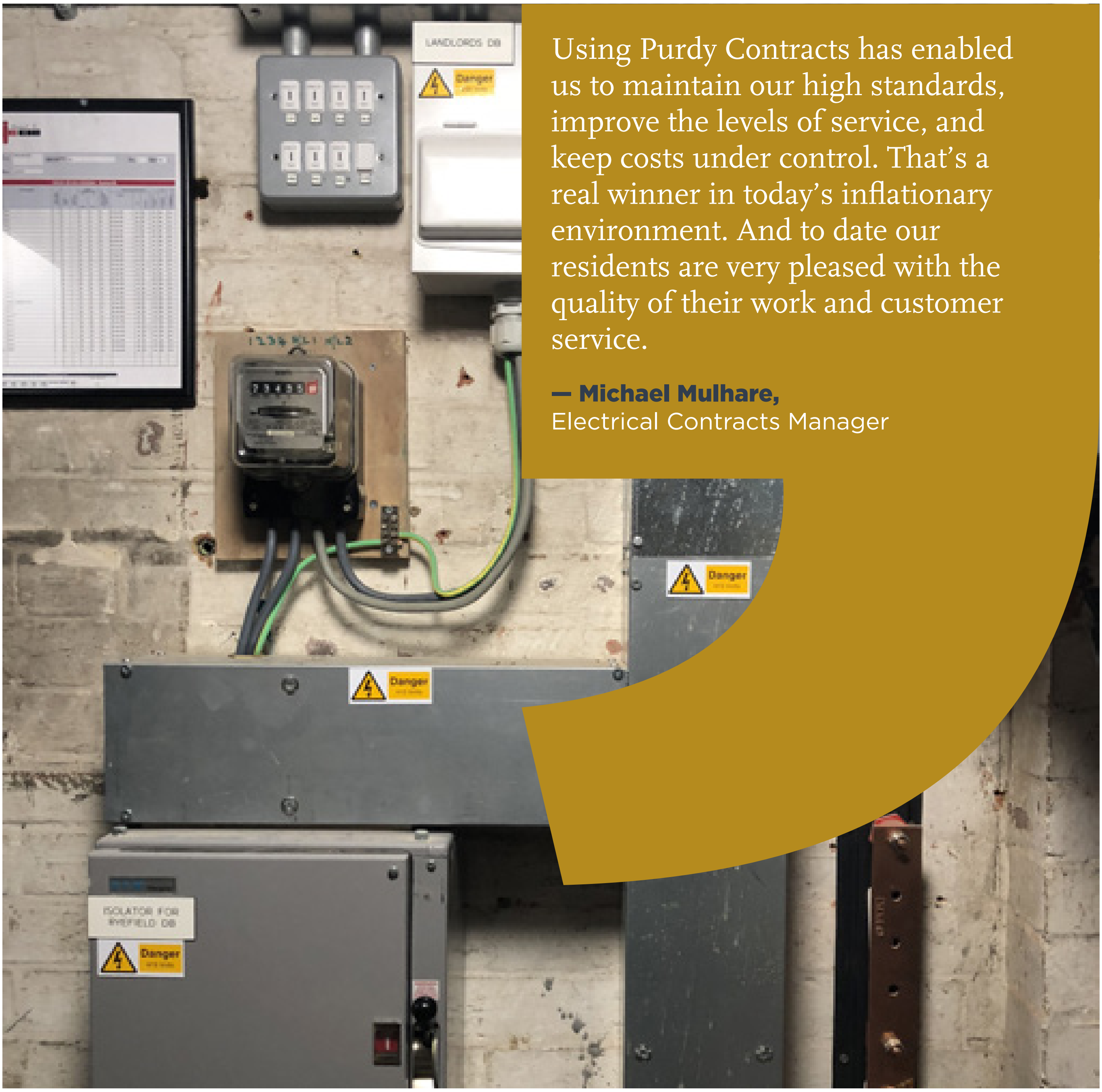
Their original aim was to buy two homes a year and convert them into four flats, to rent to those in need but this simple ambition was quickly surpassed.

In 1968 Hyde's first homes were converted into affordable housing and in 1969 Hyde's first residents moved in. Hyde now currently manage around 50,000 properties across London and the South East of England.

Purdy's highly qualified staff and engineers, coupled with its customer service and experience in providing services to Social Housing Clients were instrumental in the procurement process and were awarded a 4 year contract in 2014 with an option for a further 4 years, which has just been signed taking the partnership to 2022.

Working in all types of High-, Mid-, Low-rise blocks, Flats and Bungalows the works our operatives cover under this extensive contract include:

- Domestic electrical testing
- Smoke alarm installations
- Domestic upgrades and other associated works
- Programmed works
- Rewires
- Lateral mains/risers
- Estate lighting
- Cyclical maintenance
- Responsive repairs and maintenance to communal areas
- Out of hours emergency work
- Lightning protection
- Electrical services and repairs
- Routine pre-inspections
- Disrepair work
- Testing
- Upgrades
- Other associated works



Using Purdy Contracts has enabled us to maintain our high standards, improve the levels of service, and keep costs under control. That's a real winner in today's inflationary environment. And to date our residents are very pleased with the quality of their work and customer service.

— Michael Mulhare,
Electrical Contracts Manager

In excess of 90% of the works are carried out in-house by Purdy with the remaining being specialist works via our approved support companies. This contract is run from our Sidcup office with support from Head Office. Purdy are achieving high KPI scores for Hyde, examples being 98% average Resident Satisfaction along with 95% First Time Fix.

Purdy's award winning 'Purdy Futures' Apprenticeship programme continues to play a lead role in the delivery of our services along with local employment of both Hyde Residents and suppliers within the areas that we work.

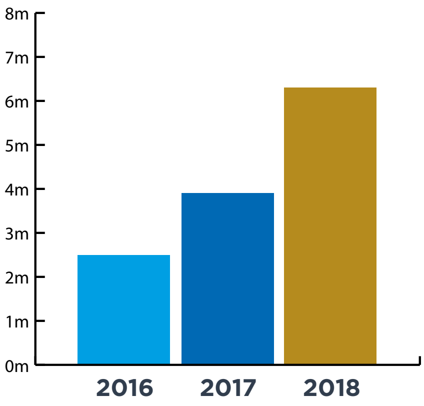
An example of this is a recent scheme that was undertaken over a 3 phase project on the Stockwell Estate where we installed a new lateral main, distribution upgrade, emergency and estate lighting renewal programme. This included high resident consultation sessions and community briefings. As a result, in addition to Hyde's own Client team members a locally elected Resident Representative was actively involved in closely liaising with the Purdy team to ensure a smooth programme was delivered with high resident satisfaction KPI scores.

All of the above is part of our ongoing commitment to work together with Hyde to deliver a partnership to ensure the high level of service that their residents expect.

Key performance indicators

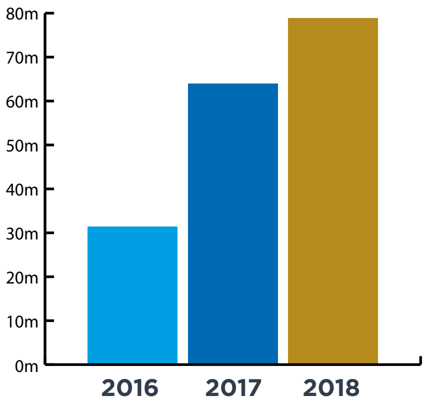
The following key performance indicators (KPI's) help us measure and monitor the Group's performance against its strategy and objectives.

Underlying EBITDA



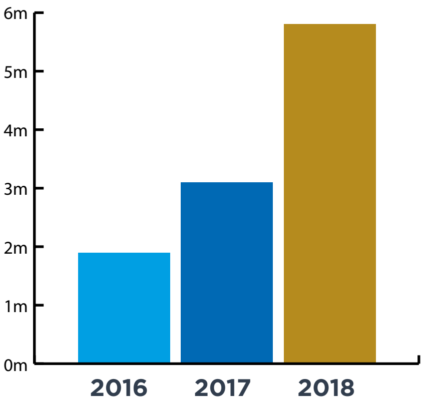
EBITDA is earnings before interest, tax, depreciation and amortisation, excluding non-underlying items, as set out in the note to the financial statements.

Revenue



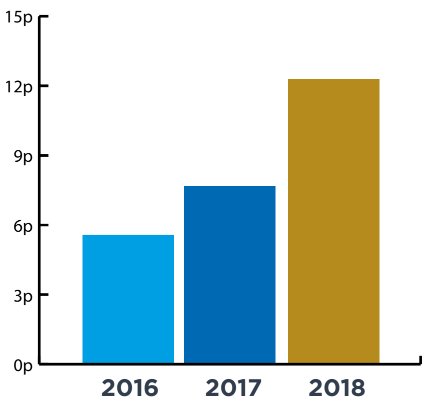
Revenue is recognised based on completed work and client valuation of work completed.

Underlying profit before tax



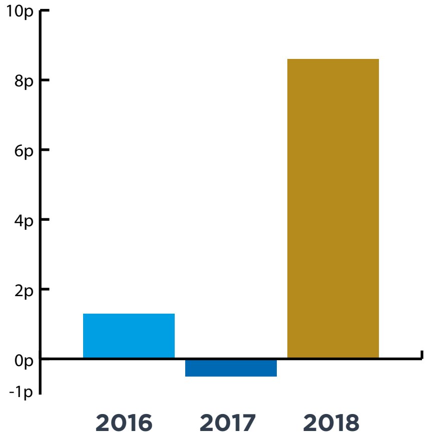
The Group's profit before taxation excludes non-underlying items such as amortisation of intangible assets which is set out in the note to the financial statements.

Adjusted basic earnings per share



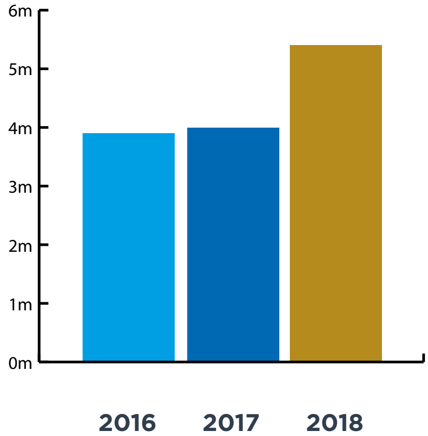
Adjusted basic earnings per share is the profit, before deducting non-underlying items, after tax divided by the weighted number of ordinary shares which is set out in note 13.2 to the financial statements.

Basic earnings/(loss) per share



Basic earnings/(loss) per share is the profit after tax divided by the weighted number of ordinary shares which is set out in the note to the financial statements.

Net debt



Net Debt is the Group's balance at the reporting date of bank loans and finance lease and hire purchase outstanding less cash and cash equivalents. It does not include finance lease obligations as calculated under IAS17.

Non-financial indicators

Service and operational

We monitor our performance on each contract by the following means: -

- Service compliance
- Service appointments (made and kept)
- Repairs (first time fix %)
- Repairs (% emergency repairs completed
- Repairs (% non-urgent repairs)
- Repairs appointments (% made and kept)
- Number of official complaints upheld
- Resident satisfaction
- First time access (servicing %)

Operational review

During the year, Bilby gained a number of new and large-scale contracts from both its existing customer base and new customers.

Phil Copolo
Deputy Chairman

The Group was able to deliver a record performance for the year as a result of both winning new large-scale contracts with blue chip organisations as well as expanding the remit and scope of services provided for many existing customers.

The Group has continued to make significant investments during the period. These have primarily been made into operational systems that maximise the synergies and efficiencies within the Group. The Group has been able to fund this investment and the ongoing expansion of Bilby from existing working capital facilities and the re-investment of profits.

Our market

Over the last three years since IPO, the Group has expanded its offering to include gas heating, electrical and general building maintenance services. Bilby's primary customer base remains local authority and social housing organisations and it continues to operate within the geographic focus of London and the South East. This market offers a dense customer base, allowing operational efficiencies that in turn deliver industry leading margins. The Group has a long-standing reputation amongst its customers for providing first-class customer service that is underpinned by its disciplined focus on operational excellence.

During the period there has been a heightened awareness and a greater focus on building safety, and regulatory compliance. Accordingly, many customers have initiated large-scale reviews and upgrade programmes for their properties. As a result of this, many customers of the Group have broadened the remit and scope of work for Bilby to address.

Government initiatives, such as the Decent Homes Standard and the Right to Repair scheme, continue to ensure that investment levels and maintenance spend is maintained. Alongside this, the Autumn Budget 2017 highlighted the need to build a further 300,000 homes every year to meet the demand for social housing.

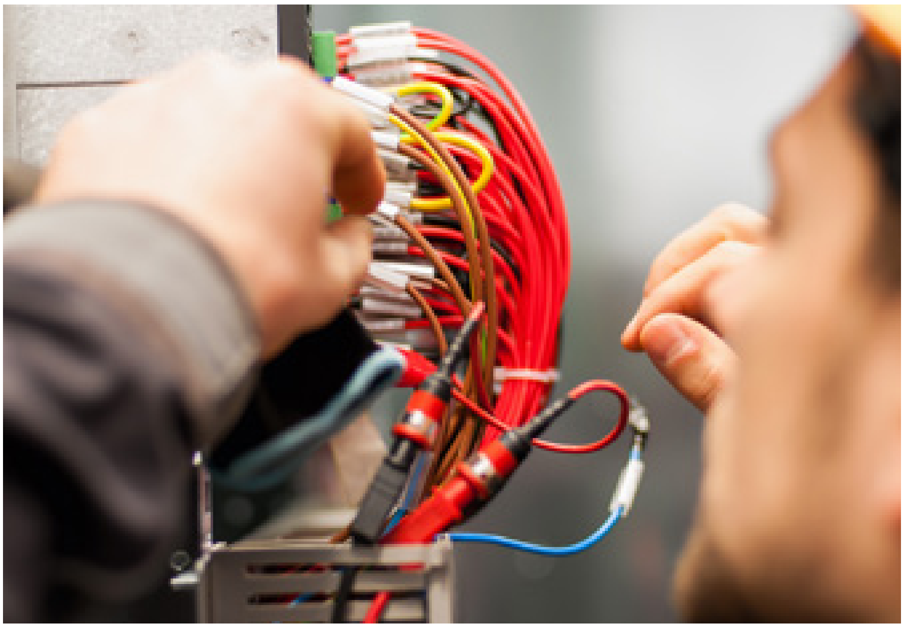
Our Companies

Today, the Bilby group comprises four trading companies. These are: P&R, the award-winning provider of gas heating and building maintenance service; Purdy, an award-winning Contractor in Electrical, Mechanical and Property Services; DCB (Kent), provider of high quality building, refurbishment and maintenance services; and, Spokemead, a specialist in electrical installation, repairs and maintenance services. They offer complementary services and are able to maximise customer synergies and cross selling opportunities. As part of the Bilby group, they also benefit from the centralised larger scale purchasing function. Bilby continues to leverage the collective scale of the business to win larger scale contracts where customers require a wide range of services.

Customer Progress

During the year, Bilby gained a significant number of new and large-scale contracts from both its existing customer base and new customers. This is testament to the excellent work, customer care and dedication our employees have for our customers which drives the high reputation the Bilby companies enjoy. The Board is particularly pleased that the number of projects where several Bilby companies are working together has increased. It is also pleasing to report an increase in the range of services offered by Bilby group.

In the year, Purdy secured key large-scale new contracts with the London Borough of Barnet and Aldwych Housing. These contracts will last for five and three years respectively and this gives the Group an even greater



presence in London operating in 15 out of the 33 Boroughs of London.

Purdy was successfully appointed to the Eastern Procurement Framework which consists of 24 housing associations and councils as well as being appointed to the University of Essex Electrical Framework. Purdy extended the scope of work with its existing customer Hackney Council by delivering a significant level of asset management work. The Company worked with Peabody Housing on a new separate contract to install fire alarms and emergency lighting to council blocks.

P&R had a positive year with new long term contracts signed increasing the earnings visibility. Most notably, it secured a major contract with Metropolitan Housing, to upgrade their existing commercial plant and install high efficient heat to flats. Furthermore, it won a new five-year contract with Islington Council to provide plumbing and drainage works to properties across the borough. During the period P&R undertook new work for Fulham and Hammersmith Council as well as successfully completing substantial work for two crematoriums for Wandsworth Council. P&R also signed a three-year contract extension with Hyde Housing across Kent and London to provide gas heating and maintenance services. It also started work on its eight-year contract for East Kent Housing which is the largest gas services contract in Kent and covers servicing support for over 16,700 properties. The Board are pleased to report that P&R has no major contract renewals or re-tenders for three years driving earnings visibility in the future. In order to focus on its higher margin gas services offering, P&R recently gave notice of termination of its contract to supply building maintenance services for Ministry of Defence properties.

In the period, DCB (Kent) was awarded a three-year Aid and Adaptions contract with Optivo and agreed a contract with Golding Homes to refurbish 14 units as part of the Affordable Homes scheme in Maidstone. Furthermore, DCB completed Phase 1 of Ashford Borough Council Affordable Homes early and as a result was nominated for LABC Excellence Award. Alongside this, DCB (Kent) successfully delivered all of the kitchen and bathroom projects for the University of Kent student accommodation.

Frameworks remain a key customer referral source for the Group. P&R's position within the South East Consortium framework enabled it to secure a five year contract providing maintenance and electricity support for Kings College Hospital. Purdy's place within the South-East Consortium enabled it to secure contracts with Local Space, B3Living, IDS, YMCA and Notting Hill Housing Group.

Operational Excellence

Bilby's highly regarded service offering for its blue-chip, large-scale customer base is underpinned by operational excellence and customer satisfaction. We continue to receive high advocacy levels with customer compliance levels currently running at nearly 100% and customer satisfaction at above 95%.

During the period Bilby made substantial investment in its operational software. This has delivered further efficiencies both within the Group's finance function as well as improving Bilby's engineer time-management software which is now delivering record levels of engineer productivity.

Bilby prides itself on its highly skilled, committed and collaborative workforce. The Group has worked to ensure that staff retention and development levels remain high. A critical component of this is the success of our apprenticeship scheme that now employs a record number of 34 apprentices throughout the Group.

Outlook

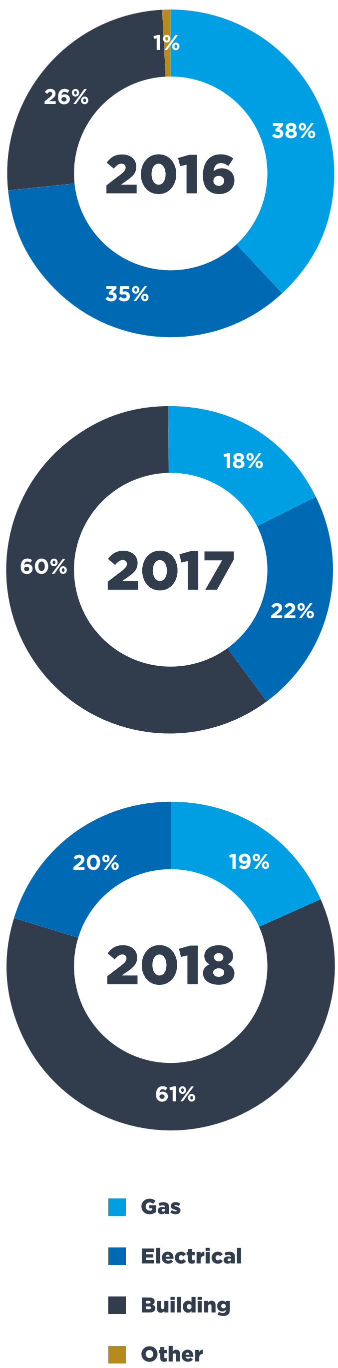
Bilby has made considerable progress during the year. Growth from existing customers and new large-scale customer wins have given the Group excellent future visibility of revenues and an excellent platform to capitalise on. We build our long-term customer partnerships by delivering a first-class service that remains critical to our approach. Our strict cost disciplines and geographic focus continues to ensure that we can deliver industry leading margins. Our core markets in London and the South East remain buoyant and present significant opportunities for all the companies in the Bilby Group. We look forward with confidence.

Phil Copolo
Deputy Executive Chairman
2nd August 2018

Financial review

In the year ended 31 March 2018 Group revenue increased by 23.2% to £78.81m (2017: £63.98m) with adjusted EBITDA up 61.0% to £6.29m (2017: £3.91m). Underlying operating profit was up 68.7% to £5.98m (2017: £3.55m).

Revenue by Service



Revenue

We are delighted to report record revenues of £78.81 million for the year to 31 March 2018 (£63.98 million for the year to 31 March 2017).

Profitability

Profit after taxation

Profit after taxation for the year to 31 March 2018 was £3.448 million (2017: Loss £0.18 million) representing the strong growth in revenue and reduction of non-underlying items (see note 8 in the Consolidated Financial Statements).

Underlying Operating Results

We are also pleased to report underlying operating profits of £5.98 million (2017: £3.55 million). These are adjusted for the share based payment charge, restructuring costs, amortisation of customer relationships, acquisition costs, change in estimate of accrued income and the change in value of contingent consideration.

Our direct costs are being closely monitored on all our contracts and as a result our gross margins have improved to 22.4% (2017: 17.2%). The Group has benefited from the increased purchasing power the acquisitions and internal growth has afforded without compromising the service levels. We now have the opportunity for each company within the Group to enjoy a flexible workforce either through our direct labour or utilisation of sub-contractors. This flexibility and greater purchasing power has enabled the Group to gain critical mass.

Overhead costs

Our central overhead costs have remained constant and are considerably lower than comparable listed companies. We remain cost conscious, with each subsidiary requiring group approval to increase their overhead expenditure.

Our Financial Position

We continue to strengthen our financial position with Group Total Assets of £39.4 million at 31 March 2018 (2017: £36.9 million). The Group Net Assets as at 31 March 2018 were £16.6 million (2017: £13.4million). Net debt (bank loans and overdrafts plus lease purchase liabilities less cash) at 31 March 2018 amount to £5.41 million (2017: £3.95 million) with the majority of this balance being attributable to the 5-year term loan signed for the purpose of the acquisitions of Purdy, DCB (Kent) and Spokemead.

The Group has a working capital facility of £3.75 million as at 31 March 2018. At this date it had utilised £954,000 of the facility.

The Group has complied with all the financial covenants set by our bankers HSBC Bank Plc, during the financial year.

We are fortunate to enjoy long term client relationships with a number of local government organisations and other housing associations.

This has resulted in an improvement in cash collections. We continue to monitor cash collection on both a long-term and daily basis. In addition, management have focused on improving financial and operating systems and the rollout of Bilby's enhanced financial software has enabled us to become more efficient. We have also managed to negotiate better terms with our suppliers which has enable us in some cases to take advantage of early settlement discounts.

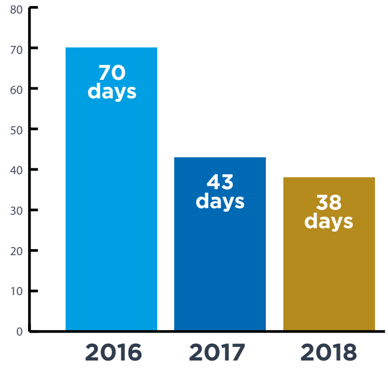
We focus on a range of key indicators to assess our performance. Our performance indicators are both financial and non-financial and ensure that the Group targets its resources around its customers, operations and finance.

Collectively they form an integral part of the way that we manage the business to deliver our strategic goals.

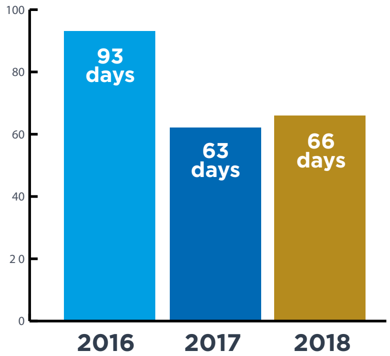
The two key business drivers which are monitored on a regular basis are as follows:

- Customer compliancy - currently running near 100% across our largest contracts
- Customer satisfaction - currently running at 95%+ across our largest contracts

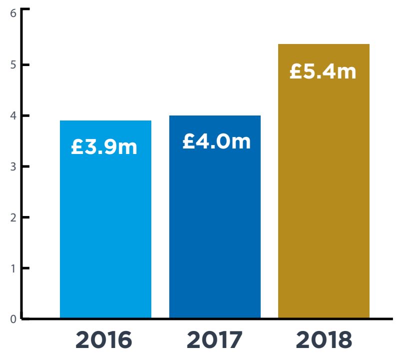
Debtor Days
(based on invoiced amounts)



Creditor Days
(based on direct cost credit purchases)



Net Debt



Group Highlights and Further KPIs

Group Highlights	Audited 12 months to 31 March 2018 (£million)	Audited 12 months to 31 March 2017 (£million)
Revenue	78.81	63.98
Gross profit	17.69	11.02
Gross margin	22.4%	17.2%
Underlying EBITDA	6.29	3.91
Underlying operating profit	5.98	3.55
Underlying profit before taxation[2]	5.79	3.32
Profit/(loss) after taxation	3.45	(0.18)
Basic EPS	8.61p	(0.46)p
EPS basic (adjusted)[1]	12.3p	7.7p
Dividend per share	2.5p	2.25p
Cash	0.07	1.9
Total assets	39.46	36.91
Net working capital[3]	10.39	7.02
Net assets	16.62	13.41

Notes

1. Adjusted for amortisation of customer relationships, share based payment charges, acquisition costs, framework development costs, change in estimate of accrued income, restructuring costs and change in value of contingent consideration. See note 8 to the Consolidated Financial Statements for full details of the adjustments.
2. Underlying profit before taxation is stated after interest and before charging the share based payment charge, acquisition costs, amortisation of customer relationships, change in fair value of future contingent consideration, change in estimate of accrued income, restructuring costs and fair value adjustment in respect of contingent consideration.
3. Calculated as cash, inventories, trade and other receivables less trade and other payables.

Dividends

The Board has recommended a final dividend of 2p per ordinary share which is subject to shareholder approval at the Annual General Meeting. Bilby's shares will be marked ex-dividend on 26 July 2018 and the final dividend will be paid in September 2018 to those shareholders on the register at the close of business on 27 July 2018. Together with the interim dividend of 0.5p, this represents a total dividend of 2.5p per ordinary share for the year.

Conclusion

The Group continues to make progress and is driven by a determined focus to increase shareholder value. Management intend to achieve this by continuing to implement the following:-

- Increasing revenues, maintaining margins and growing earnings in a sustainable and profitable manner.
- Increasing our client base.
- Efficient and targeted investment of cash.
- Making full utilisation of our increased purchasing power.
- Where and when appropriate implementing an earnings enhancing buy-and-build strategy.
- Applying a dividend policy which closely tracks earnings growth.
- Undertaking continual risk reviews during the year.

We look forward to providing our shareholders with updates regarding our key financial objectives during the course of the next financial year. We believe the Group is well placed to continue its growth objectives in the expanding social housing sector in London and the South East.

David Ellingham
Finance Director
2nd August 2018

Corporate governance statement

The Board is fully committed to investing in the management systems and appropriate controls to ensure that the Group's high standard of corporate governance is reflective of the quality of its operations and service.

The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its shareholders. The Corporate Governance Code does not apply to companies admitted to trading on AIM and there is no formal alternative for AIM companies.

The Quoted Companies Alliance has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters (the "QCA Code"). The Directors comply with the QCA Code to the extent they consider it appropriate and having regard to the size and resources of the Company.

Corporate governance report

The QCA Code sets out 10 principles which should be applied. These are listed below together with a short explanation of how the Group applies each of the principles. Where the Group does not fully comply with each principle an explanation as to why has also been provided:

Principle One

Business Model and Strategy

The Board has a adopted a strategy for each business activity as outlined in the section Our Businesses in the Strategic Report on pages 12 to 13.

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders on a regular basis. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year. Investors also have access to current information on the Company though its website, www.bilbyplc.com.

Principle Three

Stakeholder Responsibilities

The Board recognises that the long term success of the Group is reliant upon the efforts of the employees of the Group and its contractors, suppliers and regulators. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships. For example, all employees of the Group participate in a structured Group-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Group to help ensure successful two way communication with agreement on goals, targets and aspirations of the employee and the Group. This appraisal process helps to ensure that the Group can respond to new issues and opportunities that arise to further the success of employees and the Group. In addition the Board ensures that all key relationships with, for example, customers and suppliers are the responsibility of, or are closely supervised by, one of the Directors or the Finance Director.

Principle Four

Risk Management

In addition to its other roles and responsibilities the Audit Committee is responsible to the Board for ensuring that procedures are in place, and are being effectively implemented to identify, evaluate and manage the significant risks faced by the Group. Set out on pages 32 to 35 is the analysis of the strategic risk assessment and the controls in place to mitigate the risks.

Principle Five

A Well-Functioning Board of Directors

The time commitment formally required by the Group is an overriding principal that each Director will devote as much time as is required to carry out the roles and responsibilities that the Director has agreed to take on.

Biographical details of the current Directors are set out within the strategic report on pages 6 to 25. Executive and Non-Executive Directors are subject to re-election intervals as prescribed in the Company's Articles of Association.

The Executive Directors are employed under service contracts requiring six months' notice by either party. Non-Executive Directors and the Chairman receive payments under appointment letters.

The Non-Executive Chairman receives a fee for her services as a Director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments.

The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors alike and in normal circumstances does not expect Directors to undertake dealings of a short-term nature.

The Board considers ownership of Company shares by Non-Executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the Non-Executive Directors and will seek guidance from its advisors if, at any time, it is concerned that the shareholding of any Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company or their independence itself. Directors' emoluments, including Directors' interest in share options over the Group's share capital, are set out in Note 27 and the Directors' Report.

The Board has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board agreed that appointments to the Board are made by the Board as a whole and so has, thus far, not created a Nomination Committee.

Attendance at Board and Committee Meetings

The Board retains full control of the Group with day-to-day operational control delegated to Executive Directors. The full Board meets on occasions it considers necessary. All meetings were fully attended by their constituent Directors.

Principle Six

Appropriate Skills and Experience of the Directors and a Group Company Secretary

The Board currently consists of five Directors. The Board recognises that it currently has a limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional Directors are required.

The Company acknowledges that the guidance in the QCA Code is for a company to have at least two independent Non-Executive Directors. The Directors are satisfied that the Company's Board composition is appropriate given the Company's size and stage of development. The Board will keep this matter under regular review and to the extent additional independence is felt to be required on the Board, it shall be sought.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committee and individual Directors is seen as an important next step in the development of the Board and one that will be addressed during 2018 the aim is that this will be undertaken on annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas as well as the Directors' continued independence.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. A large part of the Group's activities is centered upon addressing customer and market needs. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Board assessment of the culture within the Group at the present time is one where there is respect for all individuals, there is open dialogue within the Group and there is a commitment to provide the best service possible to all the Group's customers.

The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM rules and the Market Abuse Regulation.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Group's activities rests with the Board, the respective responsibilities of the Chairman and the Executive Board members arising as a consequence of delegation by the Board. The Board has adopted two statements; the first sets out matters which are reserved to the Board and the second establishes the division of responsibilities between the Chairman and the Executive Board members. The Chairman is responsible for the effectiveness of the Board, while management of the Group's business and primary contact with shareholders has been delegated by the Board to the Executive Board members.

There are two main elements of the remuneration package for Executive Directors and staff:

1. Basic salaries and benefits in kind: Basic salaries are recommended to the Board by the Remuneration Committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. Certain benefits in kind are available to certain senior staff and Executive Directors.

Salaries and benefits were reviewed in March 2018. Future reviews will be held in March each year for implementation from 1 April to enable the Group's performance over the preceding year and the strategy for the forthcoming year to be considered.

2. Share options: The Company operates approved and unapproved share option schemes for Executive Directors and other employees to motivate those individuals through equity participation. Exercise of share options under the schemes is subject to specified exercise periods and compliance with the AIM Rules. The schemes are overseen by the Remuneration Committee which recommends to the Board all grants of share options based on the Remuneration Committee's assessment of personal performance and specifying the terms under which eligible individuals may be invited to participate. It is intended that the performance related elements of remuneration form a significant proportion of the total remuneration package of Executive Directors and be designed to align their interests with those of shareholders. In this development phase of the Group the Remuneration Committee currently considers that the best alignment of these interests is through the continued use of

incentives for performance through the award of share options.

Non-Executive Directors

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and Non-Executive Directors insofar as both the Chairman and Non-Executive Directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a Non-Executive Director before commencing a first term as Chairman. In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten

Shareholder Communication

At present the Board does not have a social media policy however the Board is considering implementing one.

Whistleblowing

The Company has established procedures by which employees may, in confidence, raise concerns relating to danger, fraud, or other illegal or unethical conduct in the workplace. The whistleblowing policy applies to all employees of the Group, consultants, casual workers and agency workers.

The Audit Committee is responsible for monitoring the Group's arrangements and the policy is reviewed periodically by the Board.

Share Dealing Code

The Company has adopted a share dealing code for the Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM rules relating to dealings in the Company's securities. This particularly applies to the provisions of Rule 21 of the AIM Rules and the Market Abuse Regulation. The Directors consider the share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

Board Effectiveness

The Board comprises the Non-executive Chairman, one other Non-executive Director and three Executive Directors.

There is a clear separation of the roles of the Chairman and the Executive Deputy Chairman to ensure an appropriate balance of power and authority:

- providing entrepreneurial leadership of the Company within the framework of prudent and effective controls which enable risks to be assessed and managed;
- setting the Company's strategic aims, objectives, strategy and policies, and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- reviewing management performance;
- setting the Company's values and standards and ensuring that the Company's obligations to its shareholders and others are understood and met;
- approving substantial transactions, contracts and commitments;
- reviewing the performance of the Company; undertaking risk assessments; and
- scrutinising and approving senior appointments to the management team.

The key procedures which exist to provide effective internal control are as follows:

- holding regular Board, Audit and Remuneration Committee meetings;
- clear limits to authority;
- annual profit and loss and cash flow forecasts, with a quarterly reforecast procedure;
- review of management information; financial controls and procedures; and review of risks and internal controls.

Executive Directors are responsible for the implementation of strategy and policies and for the day-to-day decision making and administration of the Company.

The Non-executive Directors bring additional experience and knowledge and are independent of management. This provides a balance whereby an individual or small group.

Board Committees

Audit Committee

During the year, the Audit Committee comprised of Sangita Shah (Chair) and David Johnson. Meetings are also attended, by invitation, by the Finance Director.

The Audit Committee is responsible for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly managed and reported on. It receives and reviews reports from the Group's management and external auditor relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The Audit Committee meets at least three times in each financial year and has unrestricted access to the Group's external auditor.

Remuneration Committee

During the year, the Remuneration Committee comprised of Sangita Shah (Chair), Phil Copolo and David Johnson. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets at least annually. In exercising this role, the Directors have regard to the recommendations put forward by the QCA Guidelines and, where appropriate, the Corporate Governance Code guidelines.

The Chairman of the Audit and Remuneration Committees will be available at the Annual General Meeting to answer any shareholder questions. The 2018 AGM will be held at the offices of **Hudson Sandler, 25 Charterhouse Square, EC1M 6AE** on 11th September 2018 at 10.30am and a formal Notice of Meeting is enclosed.

Targeting under-represented Groups

The Bilby Group is fully committed to a structured approach to target groups that are under-represented in our sector, such as females, black and minority groups (BME) and those with disabilities. We give full and fair consideration to all applications. Through our extensive apprenticeship programmes we encourage training and career development to enhance promotion opportunities.

Risk matrix

Effective risk management is critical to the achievement of our strategic objectives. Controls are integrated into all levels of our business. As a board we continually assess our exposure to risk and seek to ensure that risks are mitigated wherever possible.

Identified principal risks to the achievement of our strategic business objectives are outlined in the section below, together with their potential impact and the mitigation measures in place. The Board believe these risks to be the most significant with the potential to impact our strategy, our financial and operational performance and ultimately, our reputation. There may be other risks which are currently unknown to the group or which may become material in the future.

Our key risk categories are: strategic, financial and operational.

Strategic Risk and Description	Mitigation
Work Winning and Contract Delivery	
Central to achieving our strategy is the work winning and successful delivery of our contract portfolio. Our strong financial position relies on our ability to successfully bid, mobilise, operate and manage such contracts. We see our increasingly broad service as a business differentiator to our clients coupled with ensuring consistent service delivery. Winning new and retaining existing contracts of this nature continues to be critical for the future success of our business.	Our bid, mobilisation and contract management processes operate under strict delegated authorises and are subject to rigorous executive management oversight and approval. These contracts are supported by teams of experienced bid, mobilisation and operational delivery specialists to mitigate the risk of failure at any stage. On-going contract assurance occurs together with regular dialogue to ensure service delivery is consistent with the customer expectations and contract KPI's are adhered to. Through these activities we aim to develop long term customer relationships, supported by a strengthened framework to retain our existing customer base.
Market and Regulatory Conditions	
The UK market remains our only economic exposure. We anticipate a continued improvement in the pipeline of new opportunities and so our business model needs to adapt and grow with any on-going economic upturn. Our ability to recognise and respond to variations in the volume, value and range of services required may impact the Group's ability to win or retain significant business opportunities. As a major employer, further development of the regulatory and legal framework in areas where we work may have a material financial and reputational impact on the business.	We continue to be focused on the delivery of sustainable, profitable growth during the year. We continue to strategically target growth areas with good margins, underpinned by a robust business infrastructure. Resilience is provided by our diverse offering and the level of mandatory and non-discretionary work we undertake. We have continued to develop our group infrastructure to ensure identification of legal and regulatory requirements. Our operational teams remain primarily responsible for ensuring legal compliance, supported by the Group team which contains SHEQ and HR/legal specialists. Where required we obtain specialist technical advice to support our in-house team. We continue to proactively monitor the developing regulatory framework to plan and budget for on-going compliance.
Reputational Management	
Maintaining a strong reputation is vital to our success as a business. A loss in market confidence in our ability to maintain current business or undertake new client opportunities may be caused by an adverse impact to our reputation which may, in turn significantly affect our financial performance and growth prospects. Significant impact to our reputation could be caused by an incident involving major harm to one of our people or clients/partners, corrupt practices involving fraud or bribery, inadequate financial control processes or failure to comply with regulatory requirements. Impact of this type would potentially result in financial penalties, losses of key contracts, an inability to win new business and challenges in retaining key staff and recruiting new staff.	Strong corporate governance and dedicated senior management remain the key elements of effective reputational management. Senior management provide a model of best practice and guidance to ensure our values and expected behaviours are clear and understood by everyone. As our business continues to grow and develop we will remain strongly focused on protecting the strength of our reputation through effective governance, leadership, and through cultivating open and transparent relationships with all stakeholders.

Financial Risks and Description	Mitigation
Access to Funding to Grow the Business and Cash Generation	
Our financial strength makes us an attractive partner to our customers and suppliers. Our ability to grow our business organically and by acquisition will be impacted if our financial performance deteriorates, by weakening profitability and therefore limiting our ability to access diverse sources of funding on competitive terms. This may cause and increase in the cost of borrowing or cash flow issues which could, in turn, further affect our financial performance. As a people business, our staff costs remain our most significant area of expenditure. Our ability to pay our people and suppliers regularly and at specific times relies not only on funding being available but also upon effective cash conversion.	We have developed and continue to enhance financial control procedures to oversee and monitor financial performance and cash conversion including daily monitoring of bank balances, weekly cash flow reporting and regular financial performance and balance sheet reviews, which include detailed working capital reviews and forecasts. We believe we have strong banking, debt finance and equity relationships and appropriate levels of gearing for our business.
Reliance on Material Counterparties	
We depend on a number of significant counterparties such as insurers, banks, clients and suppliers to maintain our business activities. The failure of a key business partner, supplier, subcontractor, financer or other provider could materially affect the operational and financial effectiveness of our business and our ability to trade. Ensuring on-going relationships with our material counterparties will underpin the Group's ability to meet its strategic objectives.	We have developed a pool of suppliers and providers to ensure we are limited on the dependency of any one provider and hence the impact of any potential failure. The Board reviews and monitors material counterparty risk at divisional and business level and ensures that concentration levels are kept to a minimum.

Operational Risks and Description	Mitigation
Significant Health, Safety or Environmental Incident	
Due to our diverse operational portfolio, the potential to cause significant harm to our employees, our business partners, members of the public, or to damage the environment will always exist. We are committed to safeguarding our people and protecting the environment wherever we operate. Failure to maintain our high standards could result in a significant incident arising.	The Board, through effective governance and management maintains it commitment to the highest standards of safety, health, environment and quality (SHEQ) performance. Our SHEQ director reports to the Board. Our performance is achieved through SHEQ management systems and employee engagement. Our well established management systems are certified to the ISO 9001 standard, we have recently enhanced our training programmes to ensure every employee has the core competencies required to do their work safely.
System, Process or Control Failure May Impact Our Operational Performance	
Robust business systems and processes underpin our operations. Such systems form the basis for our contract management and business support activities and we foresee increasing future reliance on such capability. These systems, in conjunction with our governance framework of policies and procedures, will help or drive innovation in customer requirements, improve our operational efficiency and provide the foundation of our administrative functions. As such they remain critical for the control and success of the business and the achievement of our strategic aims. Operational failure may result in a significant impact on operational delivery, contract management and client expectations due to the business critical nature of these systems. System failure could also result in a breakdown in the controls around high volume transactions. Financial or other misstatements, fines through statutory non-compliance issues and loss of client and/or regulator confidence could occur as a result.	The basis of our governance framework is provided by our core policies, which are subject to continual review and enhancement to manage our growing and diversifying business requirements in line with sound governance practice. Our internal control procedures continue to be reviewed formally and we are in the process of introducing interdependent operational and finance systems to achieve operational efficiencies and transparent reporting. IT related governance oversight is provided at an entity and group level and we continue to develop the IT infrastructure available to the Group to create a robust platform for operations central to the customer service delivery and supplier reporting process to be undertaken by operatives, the administrative teams and senior management.
Attracting and Retaining Skilled People	
Attracting and retaining the best skilled people at all levels of the business is critical. This is particularly the case in ensuring we have access to a diverse range of views and experience and in attracting specific expertise at both managerial and operational levels where the market may be highly competitive. Failure to attract new talent, or to develop and retain our existing employees, could impact our ability to achieve our strategic growth objectives. As we continue to grow and diversify into new areas, this risk will continue to be a focus for the Board.	The growth we have already generated has naturally created a pipeline of opportunities for staff at every level of the business. This will continue to be the case as the Group develops. Additionally, to ensure a talent pool is identified, developed and ready for succession if needed, a succession plan exist for key management. Our focus on training and competency at all levels of the business from apprentices to senior management continues to ensure that we develop our people and enable them to successfully manage the changing profile of our business. Incentive programmes are also in place to ensure that key individuals are retained.

By order of the board
Leigh Copolo, Group Operations Director, 2nd August 2018

Board of Directors

The Board is responsible for establishing and maintaining the Group's systems of internal financial controls and importance is placed on maintaining robust operational controls.

Sangita Shah
Non-Executive Chairman

Sangita Shah has extensive experience in corporate finance, journalism and senior consultancy. Outside the company, she is a non-executive Director of Swindon Town FC and a board advisor to Global Reach Technology Limited. She has held a number of senior roles within blue chip organisations, including Unilever, Mars, Ernst & Young and KPMG and is a past President of the Chartered Institute of Journalists. Sangita is also a regular consultant to HM Cabinet Office, HSBC, Rathbones and MGM Advantage. By training she is a qualified accountant and a frequent key note speaker in forums for the European Parliament and European School of Management.

Phil Copolo
Founder and Deputy Chairman

Phil Copolo founded the business in 1977, incorporated P&R in 1997 and has built up the company for 40 years. He takes an active role in the management of P&R and is a qualified gas engineer by trade. Phil has over 40 years' experience managing Gas and Building Maintenance Services and is well known through the industry. He applies his experience to new client and tender opportunities and leads the Group's acquisition strategy.

David Ellingham FCCA
Finance Director

David Ellingham joined Bilby Plc in 2014. He is a Fellow of the Chartered Association of Certified Accountants and is responsible for identifying strategic complementary targets for Bilby Plc. David brings a wealth of experience in mergers and acquisitions. David has prior experience of acting as an executive director at AIM listed companies.

Leigh Copolo
Group Operations Director

Leigh Copolo has extensive operational experience having started with P&R in 2007, where he was appointed as a director in 2009. Leigh has managed teams of workforces and been responsible for controlling operations across all Bilby businesses.

David Johnson
Non-Executive Director

David Johnson has enjoyed a long and successful career in the investment sector. He has worked at a number of leading City investment houses, as both an investment analyst and more recently in equity sales and investment management. During his career he has worked for Sun Life Assurance, Henderson Crosthwaite and Investec Securities. He joined Panmure Gordon & Co in 2004 where he worked until 2013, including as Head of Sales from 2006 and then Head of Equities from 2009. He joined Chelverton Asset Management in 2014 where he has specific responsibility for the Group's private equity investments.

The Board is fully committed to investing in the management systems and appropriate controls to ensure that the Company's high standard of corporate governance is reflective of the quality of its operations and service.

— **Phil Copolo**
Founder and Deputy Chairman

Directors' report

The Directors present their report together with the consolidated financial statements for the year ended 31 March 2018

Principal Activities

The Principal activities of the Group are the provision of a range of outsourced services to the public and private sectors. The principal activity of the Company is to act as a holding company.

Business Review

The Company is required to set out a fair review of the business of the Group during the reporting period. The information that fulfils this requirement can be found in the Strategic Report. The results of the Group can be found within the Consolidated Statement of Comprehensive Income. In accordance with s414c(11) of the Companies Act 2006, information required to be disclosed in respect of future developments and principal risks and uncertainties is included within the Strategic Report.

Dividend

The final dividend is proposed to be 2p per ordinary share and will be paid in September 2018 to shareholders on the Register of Members on 27 July 2018. This has not been included within the consolidated financial statements as no obligation existed as at 31 March 2018.

Directors

The present membership of the Board is set out below with further biographical detail on page 36.

Directors, Secretary and Advisers

The directors who served throughout the year except as noted were as follows:

Name of Director	Board Title	Date of Appointment
Sangita Shah	Non-Executive Chairman	19 December 2014
Phil Copolo	Executive Deputy Chairman	20 June 2014
David Ellingham	Finance Director	20 June 2014
Leigh Copolo	Group Operations Director	16 December 2016
David Johnson	Non-Executive Director	19 January 2015

Directors' Remuneration

Directors' Remuneration for the year are set out below:-

Executive Directors	2018 £	2017 £
Phil Copolo	213,755	116,607
David Ellingham	120,050	71,509
Katie O'Reilly (to 15 December 2016)	-	91,728
Leigh Copolo	128,744	89,407
Share based payments	21,000	30,000
Non-Executive Directors		
Sangita Shah	38,772	35,000
David Johnson	33,000	30,000
	555,321	464,251

Options Granted to Directors

Directors been granted the following Options over Ordinary Shares:-

Name	Number of Options	Date of Grant	Exercisable	Exercise Price p
David Ellingham	140,000	09/12/15	9 December 2018	119
Leigh Copolo	200,000	13/07/17	13 July 2020	72.5

Substantial Shareholdings

As at 31 March 2018, the Company has been notified of, or is aware of, the shareholders holding 3% or more of the issued share capital of the Company, as detailed in the table below:

Name of Holder	Number of Shares	Percentage
Phil Copolo	14,476,896	35.9
Miton Asset Management	5,830,138	14.5
Western Selection Plc	2,700,000	6.7
David Ellingham	2,250,000	5.6
Amati Global Investors	2,155,010	5.3
Leigh Copolo	1,320,000	3.3
John Horlock	1,250,000	3.1
Close Asset Management	1,199,361	3.0

Capital Structure

The Group is financed through both equity share capital and debt. Details of changes to the Company's share capital are given in note 22 to the financial statements. The Company has a single class of shares — ordinary 10p shares — with no right to any fixed income and with each share carrying the right to one vote at the general meetings of the Company. Under the Company's Articles of Association, holders of ordinary shares are entitled to participate in any dividends pro-rata to their holding. The Board may propose and pay interim dividends and recommend a final dividend for approval by the shareholders at the AGM. A final dividend may be approved by the shareholders in a general meeting by ordinary resolution but such dividend cannot exceed the amount recommended by the Board.

Director Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company Financial Statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice FRS101 (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and Company and the financial performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU; and for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements and;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Bilby plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to the Auditor

The directors who were in office at the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and establish that it has been communicated to the auditor.

Auditor

Kingston Smith LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

By order of the board
David Ellingham,
Finance Director, 2nd August 2018

Financial Statements

Independent Auditor's Report to the members of Bilby Plc for the financial year ended 31 March 2018

Opinion

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

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

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

Audit Area and Description	Audit approach
Valuation of Accrued Income The Group carried out work for clients that had not been invoiced at the year end. Income has been accrued in respect of work carried out prior to the balance sheet date. This represents a significant proportion of receivables.	We selected a sample of contracts where income had been accrued at the year end and: • confirmed that calculations were arithmetically correct; • agreed calculations to invoices raised after the year end; and • agreed work done prior to the year end to confirmations from customers and ultimate recoverability.
Cut-off of cost accruals The Group uses a number of sub contractors and suppliers for which all invoices relevant to the year may not have been received at the reporting date.	We performed cut-off testing to confirm that direct costs were recorded in the correct accounting period. A sample of post year end payments and invoices were reviewed to confirm that costs had not been understated.
Carrying value of intangibles As a result of the acquisitions made during the prior period, intangible assets represents a significant part of the assets of the Group. The intangible assets arising on acquisition largely comprise customer relationships and goodwill.	We reviewed the assumptions underpinning the valuation of customer relationships arising on acquisition. We assessed the Directors' assertion that no impairment was required by reference to trading performance and forecasts. We considered the appropriateness of the amortisation policy for customer relationships.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group we considered income to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group to be £457,750, based on a percentage of revenue.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group was 60% of materiality, namely £274,650.

We agreed to report to the Audit Committee all audit differences in excess of £22,888, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The entire Group is audited by one audit team, led by the Senior Statutory Auditor. Our approach in respect of key audit matters is set out in the table in the Key Audit Matters Section above.

The audit is performed centrally and comprises all of the companies within the Group all of which were visited by audit teams.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company 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 Group 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:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

We have reported separately on the parent company financial statements of Bilby Plc for the year ended 31 March 2018. That report includes details of the parent company key audit matters; how we applied the concept of materiality in planning and performing our audit and an overview of the scope of our audit.

Use of our report

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed

MATTHEW MEADOWS (Senior Statutory Auditor)

for and on behalf of Kingston Smith LLP, Statutory Auditor
Devonshire House
60 Goswell Road
London ECIM 7AD
2nd August 2018

Consolidated Statement of Comprehensive Income for the year ended 31 March 2018

		12 months ended 31 March 2018			12 months ended 31 March 2017		
	Notes	Underlying items	Non-underlying items (note 8)	Total	Underlying items	Non-underlying items (note 8)	Total
		£'000	£'000	£'000	£'000	£'000	£'000
REVENUE	5	78,807	-	78,807	63,981	-	63,981
Cost of sales		(61,115)	-	(61,115)	(52,966)	-	(52,966)
GROSS PROFIT		17,692	-	17,692	11,015	-	11,015
Administrative expenses	7	(11,710)	(1,498)	(13,208)	(7,470)	(3,254)	(10,724)
OPERATING PROFIT	6	**5,982**	**(1,498)**	**4,484**	**3,545**	**(3,254)**	**291**
Finance costs	10	(192)	-	(192)	(227)	-	(227)
PROFIT BEFORE TAX		5,790	**(1,498)**	4,292	3,318	**(3,254)**	64
Income tax expense	12			(844)			(244)
PROFIT/(LOSS) FOR THE YEAR attributable to the equity holders of the parent company				3,448			(180)
Total comprehensive income for the year attributable to the equity holders of the parent company				**3,448**			**(180)**
Basic earnings/(loss) per share (pence)	13			**8.61**			**(0.46)**
Diluted earnings/(loss) per share (pence)	13			**8.51**			**(0.46)**

Consolidated Statement of Financial Position as at 31st March 2018

	Notes	2018 £'000	2017 £'000
ASSETS			
NON CURRENT ASSETS			
Intangible assets	14	14,036	15,843
Property, plant and equipment	15	1,638	1,821
		15,674	17,664
CURRENT ASSETS			
Inventories	16	3,153	1,993
Trade and other receivables	17	20,561	15,358
Cash and cash equivalents	18	72	1,895
TOTAL CURRENT ASSETS		**23,786**	**19,246**
TOTAL ASSETS		**39,460**	**36,910**
EQUITY AND LIABILITIES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
ISSUED CAPITAL AND RESERVES			
Share capital	22	4,028	3,973
Share premium	22	8,392	8,076
Share-based payment reserve	27	699	505
Merger reserve	22	(248)	(248)
Retained earnings		3,752	1,104
TOTAL EQUITY		**16,623**	**13,410**
NON CURRENT LIABILITIES			
Borrowings	19	2,949	4,363
Obligations under finance leases	20	11	78
Deferred consideration	29	-	1,000
Deferred tax liabilities	28	1,883	2,184
		4,843	7,625
CURRENT LIABILITIES			
Borrowings	19	2,452	1,276
Obligations under finance leases	20	70	131
Current income tax liabilities		1,074	225
Deferred consideration	29	1,000	2,013
Trade and other payables	21	13,398	12,230
TOTAL CURRENT LIABILITIES		**17,994**	**15,875**
TOTAL EQUITY AND LIABILITIES		**39,460**	**36,910**

Approved by the Board on 2nd August 2018

D Ellingham, Finance Director. Company registration number: 09095860

Consolidated Statement of Changes in Equity for the financial year ended 31 March 2018

	Issued share capital	Share premium	Share based payment reserve	Merger reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
BALANCE AT 1ST APRIL 2016	3,425	3,659	163	(1,624)	2,382	8,005
Loss and total comprehensive income for the year	-	-	-	-	(180)	(180)
Issue of share capital	548	4,575	-	1,376	-	6,499
Issue costs	-	(158)	-	-	-	(158)
Share-based payment charge	-	-	342	-	-	342
Tax debit relating to share option scheme	-	-	-	-	(204)	(204)
Dividends paid	-	-	-	-	(894)	(894)
Total transactions with owners recognised directly in equity	548	4,417	342	1,376	(1,098)	5,585
BALANCE AT 31 MARCH 2017	3,973	8,076	505	(248)	1,104	13,410
Profit and total comprehensive income for the year	-	-	-	-	3,448	3,448
Issue of share capital	55	316	-	-	-	371
Share-based payment charge	-	-	194	-	-	194
Dividends paid	-	-	-	-	(800)	(800)
Total transactions with owners recognised directly in equity	55	316	194	-	(800)	(235)
BALANCE AT 31 MARCH 2018	4,028	8,392	699	(248)	3,752	16,623

Consolidated Statement of Cash Flows for the financial year ended 31 March 2018

	Notes	12 months ended 31 March 2018	12 months ended 31 March 2017
		£'000	£'000
Net cash generated from operating activities	23	802	3,357
Cash flow from investing activities			
Acquisition of subsidiaries		(1,154)	(8,700)
Net cash acquired on acquisition	29	-	2,066
Purchases of property, plant and equipment	29	(89)	(120)
Purchase of intangible assets		(24)	(57)
Proceeds on disposal of property, plant and equipment		-	69
Net cash used in investing activities		**(1,267)**	**(6,742)**
Cash flow from financing activities			
Proceeds from borrowings		250	2,500
Repayment of borrowings		(1,442)	(1,182)
Interest paid		(192)	(219)
Capital element of finance lease payments		(128)	(211)
Issue of ordinary share capital		-	5,000
Issue costs		-	(158)
Dividends paid		(800)	(894)
Net cash (used in)/generated from financing activities		**(2,312)**	**4,836**
Net (decrease)/increase in cash and cash equivalents		(2,777)	1,451
Cash and cash equivalents at beginning of year		1,895	444
Cash and cash equivalents at end of year	18	**(882)**	**1,895**

The cash and cash equivalents at the year end represented the net of overdrafts of £954,000 (see note 19) together with the cash and cash equivalents shown in the consolidated statement of financial position of £72,000 (see note 18).

Notes to the Consolidated Financial Statements for the financial year ended 31 March 2018

1. BASIS OF PREPARATION

Bilby Plc and its subsidiaries (together 'the Group') operate in the gas heating, electrical and general building services industries. The Company is a public company operating on AIM and is incorporated and domiciled in England and Wales (registered number 09095860). The address of its registered office is 6-8 Powerscroft Road, Sidcup, DAI4 5DT. The Company was incorporated on 20 June 2014.

The Group's financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, the International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Boards ("IASB") that are effective or issued and early adopted as at the time of preparing these financial statements and in accordance with the provisions of the Companies Act 2006.

The Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting periods beginning on 1 April 2017.

The preparation of financial statements requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in notes 2 and 4.

The functional and presentational currency of the Group is Pounds Sterling (£) rounded to the nearest thousand.

The principal accounting policies adopted by the Group are set out in note 2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Going Concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risk', issued April 2016.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of these consolidated financial statements. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the Directors are confident that the Group has sufficient working capital to honour all of its obligations to creditors as and when they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing these consolidated financial statements.

2.2. Basis of Consolidation

The consolidated financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 March each year. Subsidiaries are entities that are controlled by the Company. The definition of control involves three elements: power over the investee; exposure or rights to variable returns and the ability to use power over the investee to affect the amount of the investors' returns. The Group generally obtains power through voting rights.

The consolidated financial statements incorporate the financial information of Bilby Plc and its subsidiaries. Subsidiary companies are consolidated from the date that control is gained. The subsidiaries of the Group are detailed in note 6 of the company financial statements on page 57.

(a) P&R

On 6 March 2015 the Company acquired the shares of P&R in exchange for its own shares. The Company issued 25,000,000 10p shares in exchange for the entire share capital of P&R. The acquisition did not meet the definition of a business combination as the Company was not a business and therefore falls outside the scope of IFRS3. As IFRS does not provide specific guidance in relation to group reorganisations it defers to the next appropriate GAAP being UK GAAP. The acquisition of P&R by the Company has therefore been accounted for in accordance with the principles of merger accounting as set out in Section 19 of FRS102. Accordingly, the consolidated financial statements for the Group have been presented as if the Company throughout the current and preceding periods has owned P&R. The comparative figures for the previous year includes the results of the merged entity, the assets and liabilities at the previous balance sheet date and the shares issued by the Company as consideration as if they had always been in issue. The difference between the share capital of P&R and the nominal value of shares issued by the Company to acquire P&R is recorded as a merger reserve.

(b) Purdy

On 13 July 2015, the Company acquired the entire issued share capital of Purdy Holdings Limited and its subsidiary Purdy for a total consideration of £8.07 million. The acquisition met the definition of a business combination and has been accounted for using the acquisition method in accordance with the Group's accounting policy.

(c) DCB (Kent)

On 12 April 2016, the Company acquired the entire issued share capital of DCB (Kent) for a maximum consideration of £4 million. The acquisition met the definition of a business combination and has been accounted for using the acquisition method in accordance with the Group's accounting policy.

(d) Spokemead

On 12 April 2016, the Company acquired the entire issued share capital of Spokemead for an estimated consideration of £8.7 million. The acquisition met the definition of a business combination and has been accounted for using the acquisition method in accordance with the Group's accounting policy.

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

2.3. Business Combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets, liabilities and contingent liabilities of the subsidiary at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Consolidated Statement of Financial Position at their fair values, which are also used as the bases of subsequent measurement in accordance with the Group accounting policies.

Costs relating to acquisitions in the year are expensed.

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

Where applicable, the consideration for an acquisition includes any assets or liabilities resulting from a contingent consideration arrangement, measured at fair value at the acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition where they result in additional information, obtained within one year from the acquisition date, about facts and circumstances that existed at the acquisition date. All other subsequent changes in fair value of contingent consideration classified as an asset or liability are recognised in accordance with IAS 39, either in profit or loss or as a change to other comprehensive income. Changes in fair value of contingent consideration classified as equity are not recognised.

2.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of the Group's services. Revenue is recognised by the Group, net of value added tax, based upon the following:

- **Gas Maintenance –** Gas maintenance revenue is recognised when the services have been rendered, that is when the individual job has been completed.
- **Building Services –** Building Services contracts typically range between 2-3 months. During the course of a project an independent surveyor will conduct a monthly review of the work done and agree an incremental payment. The Group thus recognises the revenue of a project gradually and on a monthly basis upon the accreditation of the surveyor. The stage of completion is certified by the independent surveyor. Revenue recognisable in relation to work completed and accredited is recognised as accrued income until invoiced.
- **Electrical services –** Electrical services revenue is recognised when the services have been rendered, that is when the individual job has been completed.
- **Trade Counter –** Revenue is recognised upon the point of sale of items sold over the trade counter.

2.5. Operating Profit and Non-Underlying Items

Operating Profit comprises the Group's revenue for the provision of services, less the costs of providing those services and administrative overheads, including depreciation of the Group's non-current assets.

Underlying operating profit before the deduction of exceptional costs is one of the key measures used by the Board to monitor the Group's performance. Exceptional costs are disclosed on the face of the Consolidated Statement of Comprehensive Income as "non-underlying items" where these are material and considered necessary to explain the underlying financial performance of the Group. They are either one-off in nature, non-cash expenses or necessary elements of expenditure to derive future benefits for the Group which have not been capitalised in the Consolidated Statement of Financial Position.

2.6. Dividends

The Group has a policy of paying dividends to shareholders in accordance with the amount recommended by the Directors. If the Directors believe the dividends are justified by the profits of the Group available for distribution, they also pay interim dividends. Dividends are recognised when they become legally payable. In the case of interim dividends, this is when dividends are paid. In the case of final dividends, this is when the dividends are approved by the shareholders at the Annual General Meeting.

2.7. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. In the opinion of the Board of Directors, there is currently only one operating segment, being facilities management. This segment incorporates four revenue streams, gas maintenance, building services, electrical services and sales from the trade counter.

2.8. Intangible Assets

In accordance with IFRS 3 (Revised) Business Combinations an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that future economic benefits embodied in the asset will flow to the Group.

Software expenditure is capitalised as an intangible asset if the asset created can be identified, if it is probable that the asset created will generate future economic benefits and if the development cost of the asset can be measured reliably.

Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation expense is charged to administrative expenses in the income statement on a straight line basis over its useful life.

The identifiable intangible assets and associated periods of amortisation are as follows:

- Client relationships — over the period expected to benefit, typically 7 years
- Software and development costs — over 4 years

2.9. Impairment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows: cash generating units (CGUs). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill is allocated to CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill or CGUs that include goodwill and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for CGU's, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro-rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist

2.10. Property, Plant & Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated to write off the cost of the assets, net of anticipated disposal proceeds, over the expected useful lives of the assets concerned as follows:

- Freehold property 2% on Freehold building cost
- Long leasehold improvements 5% on Long leasehold improvements cost
- Office & Computer equipment 25% reducing balance
- Fixtures, & fittings 25% reducing balance
- Motor vehicles 25% reducing balance

Freehold land is not depreciated.

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the Statement of Comprehensive Income.

The residual values and economic lives of assets are reviewed by the Directors on at least an annual basis and are amended as appropriate.

2.11. Impairment of property, plant and equipment

At each Statement of Financial Position date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. For assets other than goodwill, where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the statement of comprehensive income, net of any depreciation or amortisation that would have been charged since the impairment.

2.12. Inventories

Raw materials and consumables are measured at the lower of cost and net realisable value.

Work in progress is measured at the lower of cost and net realisable value. Cost comprises direct materials and direct labour costs that have been incurred.

2.13. Financial Instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short term trade and other receivables when the recognition of interest would be immaterial.

The Group incurs costs in advance of new contracts commencing in association with preparatory work to ensure the contract can be delivered from day one. These costs are included within work in progress and released over the life of the contract.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(d) Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

(e) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

2.14. Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

a) Current tax

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

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying value 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 to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is charged or credited to the statement of comprehensive income except when it relates to items credited or charged directly in equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is calculated at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date.

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

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

2.15. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals applicable to operating leases are charged to profit or loss on a straight-line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the lease term.

2.16. Employee Benefits

The Group operates a defined contribution pension scheme for certain employees of the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension costs charged to profit or loss are the contributions payable to the scheme in respect of the accounting period.

All Group companies are in compliance with their pension obligations and have auto-enrolled, offering all employees the opportunity to participate.

2.17. Share-based payments

The Company issues equity-settled share-based payment transactions to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The calculation of fair value at the date of grant requires the use of management's best estimate of volatility, risk free rate and expected time to exercise the options.

2.18. New standards and interpretations

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective and in some cases had not yet been adopted by the EU.

The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 9, 'Financial Instruments'
- IFRS 15, 'Revenue from Contracts with Customers'
- IFRS 16 'Leases'
- IFRS 10 and IAS 28 (amendments), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- Amendments to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'

- Amendments to IAS 7, 'Disclosure Initiative'
- Amendments to IAS 12, 'Recognition of Deferred Tax Assets for Unrealised Losses'

The directors do not expect that the adoption of the Standards listed above will have a material impact on the Group in future periods except that IFRS 9 will impact both the measurement and disclosure of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

IFRS 16 is a significant change to leasee accounting and all leases will require balance sheet recognition of a liability and a right-of-use asset except short term leases and leases of low value assets. The effect on the Group cannot be accurately quantified at this stage.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk Management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risks and provides principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

3.2. Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates.

(a) Interest rate risk

The Group has exposure to interest rate risk by virtue of its borrowings with HSBC Bank Plc, which attract a variable rate of interest at a mark up to the base rate. Details of actual interest rates can be found in note 19 to these consolidated financial statements. No hedging arrangements are currently in place but the Board keeps this under constant review.

3.3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from the Group's cash balances and trade receivables balances. The Group's customers are primarily Local Authorities and Housing Associations with high credit ratings.

The Group has a number of policies for managing the credit risk of their new and existing customers, and have a dedicated function focussed on cash conversion, collection and management.

The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk and therefore only financial institutions with a minimum rating of B are used. Currently all of the Group bank accounts are held with National Westminster Bank (NatWest) and HSBC Bank Plc both of which have a Fitch rating of A.

3.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash reserves to meet the Group's working capital requirements. Management monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flow. The maturity of the Group's financial liabilities is disclosed in note 24.

As at 31 March 2018, the Group had an overdraft of £954,000 and cash and cash equivalents of £72,000 (2017: cash and cash equivalents £1,895,000).

3.5. Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to shareholders. The Group funds its expenditures on commitments from existing cash and cash equivalent balances. There are no externally imposed capital requirements.

Financing decisions are made by the Board of Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

The capital structure of the Group consists of cash and cash equivalents and equity, comprising issued share capital and retained profits.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in conformity with IFRS as adopted by the European Union requires the Directors to make certain critical accounting estimates and judgements. In the process of applying the Group's accounting policies, management has decided the following estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the consolidated financial statements.

4.1. Recoverability of trade receivable balances

In the periods shown in these consolidated financial statements, there are a small number of customers with a significant trade receivable balance at the period end. Management have not made a provision against any of these receivable balances at any date. Although this is an area of judgement, but not one of estimation, management are comfortable with this position due to the high credit ratings of the customers involved and the lack of any history of non-payment.

4.2. Valuation of accrued income

Revenue recognisable in relation to work completed and accredited is recognised as accrued income until invoiced based on actual purchase order value, plus any variations or based on the estimated cost of the job using recent past performance as a basis for the price of the work. Some judgement, but no estimation, is therefore required in assessing the estimated cost but management are comfortable with their basis of estimation which has been supported by post year end invoice values.

4.3. Share based payment charge

The Group issued share options to Directors and employees of the Group in the year. The Black Scholes model is used to calculate the appropriate charge for these options. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

4.4. Valuation of customer relationships

Determining the valuation of customer relationships does require use of both estimates and judgements in terms of determining the relevant cash flows and the discount factor to be applied in the valuation to calculate the present value. Future cash flows are estimated based on actual contract values and durations for contractual relationships. Average monthly run rates and estimated durations using length of current relationship, then moderated using an attrition rate, are applied to non-contractual relationships. Cash outflows are forecast using direct costs and overheads based on past performance. Change in contract values and duration, together with margins achieved and overheads applied could result in variations to the carrying value of customer relationships. In addition, an adverse movement in the discount factor due to an increased risk profile or a change in the cost of debt (increase in interest rates) would also result in a variation to the carrying value of the customer relationships. The Directors consider that given the nature of the customer base and its both expected and historical stability there is no reason to believe any change in such estimates would have a material effect on the carrying value.

4.5. Impairment of goodwill

Determining whether goodwill is impaired requires an estimate of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation involves an estimate of the future cash flows of the CGUs and also the selection of appropriate discount rates to calculate present values. Future cash flows are estimated based on contract values and duration, together with margin based on past performance. Change in contract values and duration, together with margins achieved could result in variations to the carrying value of goodwill. In addition, an adverse movement in the discount factor due to an increased risk profile or a change in the cost of debt (increase in interest rates) would also result in a variation to the carrying value of goodwill. The primary sensitivity is the discount rate, however the Directors consider that there is no reason to believe it is not appropriate.

5. REVENUE

Revenue can be analysed as follows:

	12 months ended 31 March 2018	12 months ended 31 March 2017
	£'000	£'000
Gas Maintenance	14,574	11,563
Building Services	48,289	38,072
Electrical Services	15,944	14,183
Trade Counter	-	163
	78,807	63,891

All results in the current and prior period derive from continuing operations and all revenues arose in the UK.

There are four customers who individually contribute 12%, 8%, 7% and 6% respectively towards the revenue. (31 March 2017: four contributing 11%, 10%, 6% and 6%).

6. OPERATING PROFIT AND EBITDA

6.1 Operating Profit

Operating profit is stated after charging all costs including Non-Underlying Items.

	12 months ended 31 March 2018	12 months ended 31 March 2017
	£'000	£'000
Inventory recognised as an expense in cost of sales	16,160	12,625
Staff costs	13,203	13,349
Depreciation	256	310
Amortisation of software	39	32
Loss on disposal of property, plant and equipment	17	21
Auditor's remuneration	98	95
Non- audit remuneration (2017: previous auditor)	21	44
Operating lease rentals	1,257	547

The depreciation and amortisation charge as stated in the table above is included within administrative expenses in the Consolidated Statement of Comprehensive Income.

6.2 EBITDA

Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA")

EBITDA is calculated as follows:

	12 months ended 31 March 2018	12 months ended 31 March 2017
	£'000	£'000
Underlying profit before taxation	5,790	3,318
Finance costs	192	227
Depreciation	256	310
Amortisation	39	32
Loss on disposal of property, plant and equipment	17	21
Underlying EBITDA	6,294	3,908

7. ADMINISTRATIVE EXPENSES

	12 months ended 31 March 2018	12 months ended 31 March 2017
	£'000	£'000
Computer expenses	278	172
Depreciation and amortisation	295	362
Legal and professional	609	592
Office costs	560	457
Vehicle costs	2,381	250
Premises costs	679	692
Wages and salaries	6,832	4,555
Other expenses	76	390
	11,710	7,470
Non-underlying items (see note 8)	1,498	3,254
Total administrative expenses	**13,208**	**10,724**

8. NON-UNDERLYING ITEMS

Operating profit includes the following items which are considered by the Board to be one off in nature, non-cash expenses or necessary elements of expenditure to derive future benefits for the Group which have not been capitalised on the Consolidated Statement of Financial Position.

		12 months ended 31 March 2018	12 months ended 31 March 2017
		£'000	£'000
Change in fair value of future contingent consideration	*a)*	-	102
Restructuring costs	*b)*	-	358
Amortisation of customer relationships	*c)*	1,792	1,792
Share based payment charge	*d)*	194	341
Acquisition costs	*e)*	-	395
Change in estimate of accrued income	*f)*	-	266
Fair value adjustment	*g)*	(488)	-
		1,498	3,254

(a) Change in fair value of future contingent consideration

On initial recognition deferred consideration was discounted to present value. The difference between the present value and the amount payable is released to the Statement of Comprehensive Income over the period the deferred consideration remains outstanding. This represents a non-recurring and non-cash item.

(b) Restructuring costs

Restructuring costs comprise redundancy and other related costs as well as the cost of reorganisation arising from new contracts awarded during the financial year. Restructuring costs are one-off and non-recurring.

(c) Amortisation of customer relationships

Amortisation of acquisition intangibles was £1,792,000 for the year (2017: £1,792,000) and relates to amortisation of the customer relationships identified by the directors on the acquisition of Purdy, DCB (Kent) and Spokemead.

(d) Share based payment charge

A group share option scheme is in place and options were granted during the year (as stated in note 27). The share based payment charge has been separately identified as it is a non-cash expense.

(e) Acquisition costs

Acquisition costs comprise legal, professional and other expenditure in relation to acquisition activity during the prior year.

(f) Change in estimate of accrued income

Income totalling £266,000 was included in the 2016 financial statements based on work carried out but not invoiced at the period end. This amount was subject to dispute with the customer and was provided for in the 2017 financial statements.

(g) Fair Value Adjustment

The fair value adjustment relates to a reduction in the contingent consideration payable on the acquisition of Spokemead.

9. EMPLOYEE EXPENSES

The average number of employees (including directors) employed during the period was:

	12 months ended 31 March 2018	**12 months ended 31 March 2017**
	No	No
Management	45	51
Administration	77	42
Engineers	347	262
	469	355

The aggregate remuneration of the above employees (including directors) comprised:

	12 Months ended 31 March 2018	**12 Months ended 31 March 2017**
	£'000	£'000
Wages and salaries	11,926	12,260
Social security costs	1,212	989
Pension costs	65	100
	13,203	**13,349**

The remuneration of the Directors and other key management personnel of the Group are shown in note 25 and the directors' report.

10. FINANCE COSTS AND FINANCE INCOME

FINANCE COSTS	12 Months ended 31 March 2018 £'000	12 Months ended 31 March 2017 £'000
Interest payable on bank borrowings and loans	180	194
Interest payable on hire purchase agreements	10	25
Interest payable on convertible loan notes	2	8
	192	**227**

The Group received no finance income in either the current or prior period.

11. DIVIDENDS

The Directors have recommended a final dividend for the year ended 31 March 2018 be paid. This is subject to approval at the Annual General meeting and therefore no dividend liability has been recognised in the consolidated financial statements. The proposed final dividend payable is 2 pence per ordinary share (2017: 1.50 pence per share) making a total dividend relating to the year of 2.50 pence per ordinary share (2017: 1.75 pence per share).

	Per share	12 months ended 31 March 2018 Total paid	Per share	12 months ended 31 March 2017 Total paid
	(p)	£'000	(p)	£'000
Dividend paid during the year relating to final dividend declared for previous period	1.50	598	2.00	795
Interim dividend paid during the year	0.50	202	0.25	99
	2.00	**800**	**2.25**	**894**

12. INCOME TAX

12.1. Components of income tax expenses

	12 months ended 31 March 2018 £'000	12 months ended 31 March 2017 £'000
Current income tax expense		
Current income tax charge	1,167	560
Total current tax	1,167	560
Deferred tax		
Credit in connection with intangible assets acquired	(323)	(323)
Debit in connection with share options	-	29
Relating to origination and reversal of temporary differences	-	(22)
Total deferred tax	(323)	(316)
Income tax expense reported in income statement	844	244

12.2. Tax Reconciliation

The tax assessed in each period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	12 months ended 31 March 2018 £'000	12 months ended 31 March 2017 £'000
Profit on ordinary activities before taxation	4,292	64
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation of tax of 19% (2017-20%)	815	13
Effects of:		
Non-deductible expenses	57	182
Other tax adjustments	(28)	49
Tax on profits on ordinary activities	844	244

13. EARNINGS PER SHARE

13.1. Basic and Diluted Earnings Per Share

The calculation of basic and diluted earnings per share is based on the result attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year.

Basic earnings per share amounts are calculated by dividing net profit for the year or period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The Group has potentially issuable shares all of which relate to the Group's share options issued to Directors and employees in the period.

Basic and diluted profit per share from continuing operations is calculated as follows:

	12 months ended 31 March 2018	12 months ended 31 March 2017
	£'000	£'000
Profit/(loss) used in calculating basic and diluted earnings per share	3,448	(180)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	40,049,590	39,433,083
Weighted average number of shares for the purpose of diluted earnings per share	40,491,051	39,443,083
Basic earnings/(loss) per share (pence)	8.61	(0.46)
Diluted earnings/(loss) per share (pence)	8.51	(0.46)

13.2. Adjusted Earnings Per Share

Profit/(loss) after tax is stated after deducting non-underlying items totalling £1,498,000 (2017: £3,254,000) as set out in note 8 and the impact of these items on corporation tax. Exceptional items are either one-off in nature, non-cash expenses or necessary elements of expenditure to derive future benefits for the Group which have not been capitalised in the Consolidated Statement of Financial Position. These are shown separately on the face of the Consolidated Statement of Comprehensive Income.

The calculation of adjusted basic and adjusted diluted earnings per share is based on the result attributable to shareholders, adjusted for non-underlying items, divided by the weighted average number of ordinary shares in issue during the year.

	12 months ended 31 March 2018	12 months ended 31 March 2017
	£'000	£'000
Profit/(loss) after tax	3,448	(180)
Add back		
Change in fair value of future contingent consideration	-	102
Restructuring costs	-	358
Amortisation of customer relationships	1,792	1,792
Share based payment charge	194	341
Acquisition costs	-	395
Change in estimate of accrued income	-	266
Fair value adjustment	(488)	-
Impact of above adjustments on corporation tax	-	(53)
Adjusted profit after tax	4,946	3,021

Number of shares		
Weighted average number of shares for the purpose of adjusted earnings per share	40,049,590	39,433,083
Weighted average number of shares for the purpose of diluted adjusted earnings per share	40,491,051	40,055,023
Adjusted earnings per share (pence)	12.3	7.7
Diluted adjusted earnings per share (pence)	12.2	7.5

14. INTANGIBLE ASSETS

	Software costs	Customer relationships	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2017	169	13,832	4,256	18,257
Additions in the year	24	-	-	24
At 31 March 2018	193	13,832	4,256	18,281
Amortisation				
At 1 April 2017	40	2,374	-	2,414
Charge for the year	39	1,792	-	1,831
At 31 March 2018	79	4,166	-	4,245
Net book value				
At 31 March 2017	129	11,458	4,256	15,843
At 31 March 2018	**114**	**9,666**	**4,256**	**14,036**

14.1. Customer Relationships

The customer relationships intangible assets arise on acquisition of subsidiaries when accounted for as a business combination and relate to the expected value to be derived from contractual and non-contractual customer relationships. The value placed on the contractual customer relationship is based on the expected cash revenue inflows over the estimated remaining life of each existing contract. The value placed on the non-contractual customer relationships is based on the expected cash inflows based on past revenue performance by virtue of the customer relationship; but, using an attrition rate depending on the length of the relationship. Associated cash outflows have been based on historically achieved margins and overhead run rates per £1 of revenue. The net cash flows are discounted at a rate which the Directors consider is commensurate with the risks associated with capturing returns from the customer relationships. The estimated life for customer relationships is based on the average of the contracted remaining life of contracted relationships and estimated life of the non contractual relationships.

	Purdy	Spokemead	DCB (Kent)	Total
Attrition rate where relationship < 5 years.	80%	n/a	100%	
Attrition rate where relationship > 5 years.	50%	n/a	100%	
Discount rate	13.3%	12.84%	12.84%	
Estimated life of relationship	7 years	7.5 years	1 to 8 years	
Fair value of customer relationships	£5,586,000	£5,922,000	£2,324,000	**£13,832,000**

14.2. Goodwill

Goodwill on consolidation arises on the excess of cost of acquisition over the fair value of the net assets acquired on purchase of the company (note 29).

Goodwill is supported by cash flows derived from contracts won in the post acquisition period. Contracted cash inflows have been projected for the duration of the contracts. Associated costs, included in the cash flows, have been forecast based on historically achieved margins and overhead run rates per £1 of revenue. Net cash flows are then discounted back using a rate of 13.3% (as above for customer relationships). The Directors consider that on the basis of these post acquisition contract wins and also the year end contract wins, goodwill is not impaired.

Each subsidiary is its own CGU for the purposes of the goodwill calculation and impairment reviews carried out by the Board and is monitored on an ongoing basis.

The Directors consider that there are no possible changes to the key assumptions of the impairment review that would result in impairment at the reporting date.

15. PROPERTY, PLANT AND EQUIPMENT

At 31 March 2018	Freehold land	Freehold property	Long leasehold improvements	Motor vehicles	Fixtures & fittings	Office & computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2017	300	484	394	877	68	597	2,720
Additions	-	-	-	-	17	74	91
Disposals	-	-	-	(133)	-	(30)	(163)
At 31 March 2018	**300**	**484**	**394**	**744**	**85**	**641**	**2,648**
Depreciation							
At 1 April 2017	-	(36)	(79)	(435)	(49)	(300)	(899)
Charge for the year	-	(21)	(31)	(110)	(12)	(82)	(256)
Disposals	-	-	-	115	-	30	145
At 31 March 2018	**-**	**(57)**	**(110)**	**(430)**	**(61)**	**(352)**	**(1,010)**
Net book value							
At 1 April 2017	300	448	315	442	19	297	1,821
At 31 March 2018	**300**	**427**	**284**	**314**	**24**	**289**	**1,638**

At 31 March 2017	Freehold land	Freehold property	Long leasehold improvements	Motor vehicles	Fixtures & fittings	Office & computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2016	300	484	200	650	64	385	2,083
Addition on acquisition of subsidiary	-	-	194	454	-	130	778
Additions	-	-	-	-	4	116	120
Disposals	-	-	-	(227)	-	(34)	(261)
At 31 March 2017	**300**	**484**	**394**	**877**	**68**	**597**	**2,720**
Depreciation							
At 1 April 2016	-	(15)	(48)	(431)	(43)	(223)	(760)
Charge for the year	-	(21)	(31)	(163)	(6)	(89)	(310)
Disposals	-	-	-	159	-	12	171
At 31 March 2017	**-**	**(36)**	**(79)**	**(435)**	**(49)**	**(300)**	**(899)**
Net book value							
At 1 April 2016	**300**	**469**	**152**	**219**	**21**	**162**	**1,323**
At 31 March 2017	**300**	**448**	**315**	**442**	**19**	**297**	**1,821**

The freehold property was included at its net book value of £784,000 at the date of acquisition, being the fair value of the land and buildings at £815,000, less accumulated depreciation of £31,000. The property was valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of investment property being valued, Savills (UK) Limited, as at 22 May 2015 on the existing use value basis in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The critical assumptions made relating to their valuation are the market rent at £65,000 per annum and the yield at 8.00%.

The net book value of property, plant and equipment at 31 March 2018 includes £146,000 (2017: £191,000) in respect of assets held under finance lease contracts which relate to the acquisition of motor vehicles.

The bank loans detailed in note 19 are secured on the property, plant and equipment of the Group.

16. INVENTORIES

	2018	2017
	£'000	£'000
Raw materials	1,672	1,002
Work in progress	1,481	991
	3,153	**1,993**

17. TRADE AND OTHER RECEIVABLES

	2018	2017
	£'000	£'000
Current		
Trade receivables	8,252	9,050
Other receivables	263	92
Prepayments	694	444
Accrued income	10,925	5,039
Amounts due from long term contracts	427	733
	20,561	**15,358**

The ageing of trade receivables that are past due but not impaired is shown below:

	2018	2017
	£'000	£'000
Between 1-2 months	411	5,063
Between 2-3 months	140	111
More than 3 months	1,590	567
	2,141	**5,741**

The above balances are past due at the reporting date, but the Group has not recognised an allowance against trade receivables, as there has not been a significant change in credit quality.

The Group's exposure to credit risk is discussed in note 24 to the consolidated financial statements, including how the Group assesses the credit quality of potential new customers and its policy for providing against overdue invoices.

The average credit period taken on invoiced sales of services as at 31 March 2018 is 38 days (31 March 2017: 43 days). No interest was charged on overdue receivables during any year.

The Directors believe that the carrying value of the trade and other receivables is considered to represent its fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable shown above. The Group does not hold any collateral as security. The bank loans detailed in note 19 are secured on trade receivables of £8.252 million (2017: £9.050 million)

The Group's trade and other receivables are all denominated in £ Sterling.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank. The Group's cash and cash equivalents are held at floating interest rates and are held at NatWest Bank and HSBC Bank Plc each with an A credit rating as assessed by Fitch ratings. The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

	2018	2017
	£'000	£'000
Cash and bank balances	72	1,895
	72	**1,895**

19. BORROWINGS

The maturity analysis of borrowings, inclusive of finance charges is included below. All of the loans are denominated in £ sterling.

	2018 £'000	2017 £'000
Non-current borrowings		
Bank borrowings:		
Term loans	2,578	3,936
Mortgage loan	371	427
	2,949	4,363
Total non-current borrowings	**2,949**	**4,363**
Current borrowings:		
Bank borrowings:		
Term loans	1,441	1,219
Mortgage loan	57	57
Overdraft	954	-
Total current borrowings	**2,452**	**1,276**
Total borrowings		
Bank borrowings:		
Term loans	4,019	5,155
Mortgage loan	428	484
Overdraft	954	-
Total borrowings	**5,401**	**5,639**

(a) Working capital facilities

On 28 November 2016, the Group extended its working capital facility to £2.25 million to accommodate a transfer of DCB (Kent)'s banking from invoice discounting to the Group's working capital facility.

As at 31 March 2018 the Group had extended its working capital facility to £3.75 million to fund the internal growth of the Group.

Bank overdrafts are held at an interest rate of 2.5% above the Bank of England base rate. All cash at bank balances are denominated in £ sterling. As at 31 March 2018, the Group had an unused overdraft facility of £2.796 million (2017: £2.250 million).

(b) Bank loans and overdrafts

The non-current proportion of bank loans amounted to £2.949 million as at 31 March 2018 (31 March 2017: £4.363 million), and the current proportion of bank loans amounted to £1.498 million as at 31 March 2018 (31 March 2017: £1.276 million). Bank loans are repayable by quarterly instalments.

(c) Security

Bank loans are secured on related property, plant and equipment and debtor books of the Group.

In respect of bank debt there is an Unlimited Composite Company Guarantee given by Bilby, Purdy, P&R, DCB (Kent) and Spokemead to secure all liabilities of each borrower.

(d) Interest

Details of the interest rates charged on the loans are as follows:

- A 5-year term loan of £5.7 million , with HSBC Bank Plc originally drawn down in July 2015 (£4.2 million), increased in April 2016 (by £1.5 million) and August 2016 (by £1m), is at 2.75% above the Bank of England base rate.
- A 10-year mortgage loan of £570,000 with HSBC Bank Plc drawn down in July 2015, is at 1.9% above the Bank of England base rate. The mortgage is held over the freehold property of Purdy known as Brooklyn Lodge, Mott Street, Chingford, London E4 7PW.

(e) Loan note

On 13 July 2015 Bilby issued a £500,000 loan note to J R Horlock as part of his consideration for Purdy Holdings Limited. On 14 July 2017 the loan note and outstanding interest were settled from existing cash reserves.

20. OBLIGATIONS UNDER FINANCE LEASES

	2018 £'000	2017 £'000
Non-current:		
Minimum lease payments under finance leases	11	78
Current:		
Minimum lease payments under finance leases	70	131
	81	**209**

Net obligations under finance lease contracts are secured on related property, plant and equipment. The maturity analysis of obligations under finance leases inclusive of finance charges is shown in the following table:

	2018 £'000	2017 £'000
Gross finance lease liabilities – minimum lease payments:		
No later than 1 year	11	87
Later than 1 year and no later than 5 years	73	139
Less: future finance charges on leases	(3)	(17)
	81	**209**

The present value of finance lease liabilities is as follows:

	2018 £'000	2017 £'000
No later than one year	70	131
Later than 1 year and no later than 5 years	11	78
	81	**209**

The fair value of the Group's lease obligations is approximately equal to their carrying amount. All lease obligations are denominated in £ sterling.

It is the Group's policy to lease the majority of its motor vehicles. The average lease term is 3 years. For the year ended 31 March 2018, the effective borrowing rate was 2.5% (31 March 2017: 2.5%).

The Group's obligations under finance leases are secured by the lessor's rights over the leased assets.

21. TRADE AND OTHER PAYABLES

	2018 £'000	2017 £'000
Trade Payables	10,817	9,713
Other payables	182	94
Other taxation and social security	1,726	1,872
Accruals	673	551
	13,398	**12,230**

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing.

The Directors consider that the carrying value of trade and other payables approximates their fair value as the impact of discounting is insignificant.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices.

The average credit period taken on trade purchases is 67 days (2017: 63 days). Trade purchases include the purchase of materials and subcontractor costs.

22. SHARE CAPITAL

22.1. Ordinary Shares

Ordinary shares of £0.10 each	2018	2017
	£'000	£'000
At the beginning of the year	3,973	3,425
Issued in the year	55	548
At the end of the year	4,028	3,973

Number of shares		2018	2017
At the beginning of the year		39,729,731	34,247,845
Issue of initial consideration shares in connection with DCB (Kent)	a)	-	423,729
Issue of initial consideration shares in connection with Spokemead	b)	-	423,729
Placing of shares on AIM in connection with the acquisitions of DCB (Kent) and Spokemead	c)	-	4,237,288
Issue of further consideration shares in connection with DCB (Kent)	d)	167,113	397,140
Issue of further consideration shares in connection with Spokemead	e)	393,183	-
At the end of the year		40,290,027	39,729,731

(a) Acquisition of DCB (Kent)

On 12 April 2016, the Company acquired the entire issued share capital of DCB (Kent). The initial consideration for DCB (Kent) was satisfied by a cash payment of £1,500,000 together with an issue of 423,729 new Bilby ordinary shares at a price of 118 pence per share (the "Consideration Shares").

(b) Acquisition of Spokemead

On 12 April 2016, the Company also acquired the entire issued share capital of Spokemead. The initial consideration for Spokemead was satisfied by a cash payment of £5,700,000 together with an issue of 423,729 new Bilby ordinary shares at a price of 118 pence per share (the "Consideration Shares").

(c) Placing

The acquisitions were partly funded through the placing of 4,237,288 new ordinary shares at a price of 118 pence per share raising £5 million for the Group. Share issue costs amounted to £158,000.

(d) DCB (Kent) further consideration

Further consideration for DCB (Kent) was satisfied by a cash payment of £500,000 together with an issue of 397,140 new Bilby ordinary shares at a price of 126 pence per share (the "Further Consideration Shares"). Further consideration for DCB (Kent) was satisfied on 13 July 2017, by a cash payment of £375,000 together with an issue of 167,113 new Bilby ordinary shares at a price of 74.8 pence per share.

(e) Spokemead further consideration

Further consideration for Spokemead was satisfied by a cash payment of £1 million paid in August 2016. Further consideration was paid on 27 September 2017 by way of a cash payment of £250,000 together with an issue of 393,183 new Bilby ordinary shares at a price of 62.85 pence per share.

22.2. Share Premium

	2018	2017
	£'000	£'000
At the beginning of the year	8,076	3,659
Issued in the year	316	4,575
Issue costs	-	(158)
At the end of the year	**8,392**	**8,076**

22.3. Merger Reserve

The acquisitions of DCB (Kent) and Spokemead were partly funded through a placing of 4,237,288 new ordinary shares at a price of 118 pence per share. The difference between the nominal value of the shares issued and the placing price gives rise to a premium of £1.37 million which has been added to the merger reserve.

	2018	2017
	£'000	£'000
At the beginning of the year	(248)	(1,624)
On acquisition of DCB (Kent)	-	919
On acquisition of Spokemead	-	457
At the end of the year	**(248)**	**(248)**

23. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 March 2018	12 months ended 31 March 2017
	£'000	£'000
Cash flow from Operating Activities		
Profit before income tax	4,292	64
Adjustments for:		
Net finance cost	192	227
Loss on disposal of property, plant and equipment	17	21
Depreciation	256	310
Amortisation of intangible assets	1,831	1,824
Share based payments	194	342
Unwinding of fair value discount	-	102
Fair value adjustment	(488)	-
Movement in receivables	(5,203)	586
Movement in payables	1,493	1,649
Movement in inventories	(1,160)	(1,115)
Tax paid	(622)	(653)
Net cash generated from operating activities	802	3,357

24. FINANCIAL INSTRUMENTS

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. All financial assets are classified as loans and receivables.

The Group's principal financial liabilities are financing liabilities and trade and other payables. All financial liabilities are held at amortised cost.

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

24.1. Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Borrowings
- Obligations under finance leases

The Group held the following financial assets at each reporting date:

	2018	2017
	£'000	£'000
Loans and receivables:		
Trade receivables	8,252	9,050
Accrued income	10,925	5,039
Amounts due from long term contracts	427	733
Other receivables	957	536
Cash and cash equivalents	72	1,895
	20,633	**17,253**

The Group held the following financial liabilities at each reporting date:

	2018	2017
	£'000	£'000
Held at amortised cost:		
Bank loans and overdrafts	5,401	5,639
Convertible loan notes	-	513
Obligations under finance leases	81	209
Accruals	673	551
Trade payables	10,817	9,713
Other payables	182	94
	17,154	**16,719**

24.2. Financial risk management

The Group's treasury function monitors and manages the financial risks in relation to its operations. These risks include those arising from interest rate risk, credit risk, liquidity risk and capital risk. The Group seeks to minimise the effects of these risks by using effective control measures. The Group's policies for financial risk management are outlined below.

(a) Interest rate risk management

The Group finances its operations through a combination of retained earnings and bank borrowings from major financial institutions, with a minimum Fitch rating of B, at floating rates of interest above the Bank of England base rate. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group is also exposed to interest rate risk through its finance lease obligations.

The Group's treasury function reviews its risk management strategy on a regular basis and gives careful consideration to interest rates when considering its borrowing requirements and where to hold its excess cash.

The Group currently has loans and overdrafts totalling £5.4 million (2017: £5.6 million) at variable interest rates. If the interest rate had been 6.5%, being 50% higher, and all other variable were constant, the Group's profit after tax for the year and reserves would decrease by £181,000 (2017: £114,000).

The Group is exposed to interest rate risk on some of its financial assets, being its cash at bank balances. The interest rate receivable on these balances at 31 March 2018 was at an average rate of less than 1% (31 March 2017: less than 1%).

The Group's policy is to minimise interest charges through active cash management. Interest charged on the Group's borrowings is kept under constant review.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from the Group's trade and other receivables and its cash balances. The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. The Group has an established credit policy under which each new customer is analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The maximum exposure the Group will bear with a single customer is dependent upon that customer's credit rating, the level of anticipated trading and the time period over which the relationship is likely to run.

Social Housing customers are typically local authorities or housing associations and the nature of which means the credit risk is minimal. Other trade receivables contain no specific concentration of credit risk with amounts recognised representing a large number of receivables from various customers.

(c) Trade and other receivables

The Group is exposed to the risk of default by its customers. At 31 March 2018, the Group had six customers with an outstanding balance over £250,000 (31 March 2017: eight). The Directors believe that there is no credit risk associated with these customers because there is no history of default by these customers.

There are no other significant concentrations of credit risk at the balance sheet date.

At 31 March 2018, the Group held no collateral as security against any financial asset. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. No impairment of financial assets has been made at any date shown in these consolidated financial statements. Management considers the above measures to be sufficient to control the credit risk exposure.

(d) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short term cash flow forecasts and medium term working capital projections prepared by management. The quantum of committed borrowing facilities of the Group is regularly reviewed and is designed to exceed forecasted peak gross debt levels. For short-term working capital requirements, the Group utilises bank overdrafts as required. These facilities are regularly reviewed and are renegotiated ahead of their expiry date.

The Group had total available working capital facilities at an interest rate of 2.5% over base amounting to £3,750,000 with HSBC Bank plc of as at 31 March 2018. The facilities are reviewed and renewed on an annual basis. The Group maintains a good relationship with its bank, which has a high credit rating.

The table below shows the maturity profile of the Group's financial liabilities:

2018	**Within 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities					
HSBC mortgage	57	57	171	143	428
HSBC term loan	1,441	1,441	1,137	-	4,019
HSBC overdraft	954	-	-	-	954
Trade payables	10,817	-	-	-	10,817
	13,269	**1,498**	**1,308**	**143**	**16,218**

2017	**Within 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities					
HSBC mortgage	57	57	171	199	485
HSBC term loan	1,219	1,219	2,716	-	5,154
Convertible loan note	513	-	-	-	513
Trade payables	9,713	-	-	-	9,713
	11,502	**1,276**	**2,887**	**199**	**15,865**

(e) Capital management risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders through the optimisation of debt and equity.

The capital structure of the Group consists of net debt as disclosed below and equity as disclosed in the Consolidated Statement of Changes in Equity.

	2018	**2017**
	£'000	£'000
Net debt comprised as follows:		
– Cash and cash equivalents	72	1,895
– Bank borrowings and overdrafts	(5,401)	(5,639)
– Finance leases	(81)	(209)
	(5,410)	**(3,953)**

25. RELATED PARTY TRANSACTIONS

During the current and previous years, the Group operated from headquarters at 6-8 Powerscroft Road, Sidcup, Kent DA14 5DT. The freehold of the property is owned by P Copolo, a substantial shareholder of the Group as at 31 March 2018. A formal 20 year lease was entered into on the 6 March 2015 between P Copolo and the Group. Under the terms of the lease, the initial rent is £50,000 per annum with the Group being responsible for all ongoing costs.

P Copolo purchased goods and services through a subsidiary undertaking to the sum of £60,000 (inc. of VAT) during the course of the year. The total cost was invoiced post year end.

25.1. Key management compensation

The Group's key management are considered to comprise the directors of Bilby Plc and two non-executive directors of Bilby Plc. The aggregate remuneration of the directors is as follows:

	2018	2017
	£'000	£'000
The aggregate remuneration comprised:		
Aggregate emoluments	462	369
Consultancy fees	72	65
	534	434
Share based payments	21	30
Total remuneration	555	464

The remuneration of the highest paid director during the year was £213,755 (2017: £116,607). The remuneration of individual directors is disclosed in the Directors' report.

There were no other transactions with directors or key personnel to disclose.

26. OPERATING LEASES

The Group enters into non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£'000	£'000
Less than 1 year	783	712
More than 1 year but less than 5 years	1,003	860
More than 5 years	1,024	1,084
	2,810	**2,656**

27. SHARE BASED PAYMENTS

The Group has a share option scheme for certain directors and employees. Options are generally exercisable at a price equal to the market price of the Group's shares on the day immediately prior to the date of the grant. Options are forfeited if the employee leaves the Group before the options vest.

The Share Option Plan provides for the grant of both tax-approved Enterprise Management Incentives (EMI) Options and unapproved options.

The Black Scholes model is used to calculate the appropriate charge for the share options. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. The total charge to the Consolidated Statement of Comprehensive Income for the year to 31 March 2018 was £194,000 (31 March 2017 : £341,000).

(a) Options issued in March 2015

The Group issued 1,612,067 share options to one director and four employees on 6 March 2015. The options are exercisable at the Placing Price of 58 pence per share and will become exercisable on the third anniversary of their grant. They can be exercised at any time from this date to the day before the tenth anniversary of the grant. Of the share options issued, 439,655 of them are subject to a performance condition based on a total shareholder return over the period up to 6 March 2018. The performance condition has been achieved and consequently the 439,655 options are now vested.

The inputs into the option pricing model for the options granted in March 2015 are as follows:

Weighted average exercise price	£0.58
Expected volatility	25.6%
Expected life	6.5 years
Risk free interest rate	1.87%
Expected dividends	4%

The volatility of the Company's share price on the date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the stock of closely comparable companies.

The charge for the year ended 31 March 2018 for the options issued in March 2015 totals £23,015 (31 March 2017 £47,880).

(b) Options issued in July 2015

The Group issued 1,150,000 options to 13 employees on 16 July 2015. Of the 1,150,000 options granted, 120,000 options have been cancelled as at 31 March 2018. The options are exercisable at a price of 95 pence per share and will become exercisable on the third anniversary of their grant. They can be exercised at any time from this date to the day before the tenth anniversary of their grant and are not subject to a performance condition.

The inputs into the option pricing model for the options granted in July 2015 are as follows:

Weighted average exercise price	£0.95
Expected volatility	45.7%
Expected life	6.5 years
Risk free interest rate	4%
Expected dividends	2.15%

The volatility of the Company's share price on the date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the stock of closely comparable companies.

The charge for the year ended 31 March 2018 for the options issued in July 2015 totals £52,424 (31 March 2017 £215,140).

(c) Options issued in December 2015

The Group issued 340,000 options to 1 director and 3 employees on 9 December 2015. Of the 340,000 options granted, 100,000 options have been cancelled as at 31 March 2018. The options are exercisable at a price of £1.19 per share and will become exercisable on the third anniversary of their grant. They can be exercised at any time from this date to the day before the tenth anniversary of their grant and are not subject to a performance condition.

The inputs into the option pricing model for the options granted in December 2015 are as follows:

Weighted average exercise price	£1.19
Expected volatility	45.4%
Expected life	6.5 years
Risk free interest rate	4%
Expected dividends	2.15%

The volatility of the Company's share price on the date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the stock of closely comparable companies.

The charge for the year ended 31 March 2018 for the options issued in December 2015 totals £32,044 (31 March 2017: £26,367).

(d) Options issued in January 2016

The Group issued 100,000 options to a director on 4 January 2016 which were subsequently cancelled. The options were exercisable at a price of 1.46 per share.

The volatility of the Company's share price on the date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the stock of closely comparable companies.

The charge for the year ended 31 March 2018 for the options issued in January 2016 totals £11,406 (31 March 2017: £9,850).

(e) Options issued in July 2016

The Group issued 770,000 options to 1 director and 12 employees in July 2016. The options are exercisable at a price of £1.26 per share and will become exercisable on the third anniversary of their grant. They can be exercised at any time from this date to the day before the tenth anniversary of their grant and are not subject to a performance condition.

The inputs into the option pricing model for the options granted in July 2016 are as follows:

Weighted average exercise price	£1.26
Expected volatility	44.2%
Expected life	6.5 years
Risk free interest rate	2.5%
Expected dividends	2.05%

The volatility of the Company's share price on the date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the stock of closely comparable companies.

The charge for the year ended 31 March 2018 for the options issued in July 2016 totals £60,026 (31 March 2017: £42,758).

(f) Options issued in July 2017

The Group issued 395,000 options to 1 director and 8 employees in July 2017. The options are exercisable at a price of £0.73 per share and will become exercisable on the third anniversary of their grant. They can be exercised at any time from this date to the day before the tenth anniversary of their grant and are not subject to a performance condition.

The inputs into the option pricing model for the options granted in July 2017 are as follows:

Weighted average exercise price	£0.73
Expected volatility	51.0%
Expected life	6.5 years
Risk free interest rate	2.5%
Expected dividends	2.03%

The volatility of the Company's share price on the date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the stock of closely comparable companies.

The charge for the year ended 31 March 2018 for the options issued in July 2017 totals £15,317 (31 March 2017: £nil).

Details of the share options outstanding during the year are as follows. There are no share options exercisable at the balance sheet date.

	2018		2017	
	Number	**Weighted average exercise price (p)**	**Number**	**Weighted average exercise price (p)**
Outstanding at the beginning of the year	3,372,067	0.83	3,137,067	0.80
Granted during the year	395,000	0.725	770,000	1.26
Forfeited during the year	(1,009,655)	(0.805)	(535,000)	(1.26)
Exercised during the year	-	-	-	-
Outstanding at the end of the year	**2,757,412**	**0.82**	**3,372,067**	**0.81**

The Group recognised the following expenses related to share-based payments.

Date Granted	**2018** £'000	**2017** £'000
March 2015	23	48
July 2015	52	215
December 2015	32	26
January 2016	11	11
July 2016	60	42
July 2017	16	-
	194	**342**

28. DEFERRED TAX

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

	Intangible assets acquired £'000	**Share options** £'000	**Short term timing differences** £'000	**Total** £'000
At 31 March 2015	**-**	**-**	(20)	(20)
Acquisition of subsidiary	(1,005)	-	(23)	(1,028)
Credit/(charge) to income statement and other comprehensive income	105	29	(14)	120
Credit taken directly to equity	-	189	-	189
At 31 March 2016	**(900)**	**218**	**(57)**	**(739)**
Acquisition of subsidiary	(1,484)	-	(88)	(1,572)
Credit/(charge) to income statement and other comprehensive income	323	(29)	22	316
Credit taken directly to equity	-	(189)	-	(189)
At 31 March 2017	**(2,061)**	**-**	**(123)**	**(2,184)**
Credit/(charge) to income statement and other comprehensive income	323	-	(22)	323
Credit taken directly to equity	-	-	-	-
At 31 March 2018	**(1,738)**	**-**	**(145)**	**1,883**

	2018 £'000	**2017** £'000
Deferred tax asset	-	-
Deferred tax liability	(1,883)	(2,184)
Net deferred tax liability	**(1,883)**	**(2,184)**

29. ACQUISITIONS

On 12 April 2016, the Company acquired the entire issued share capital of DCB (Kent) and the entire issued share capital of Spokemead. The consideration was financed by a placing and debt funding by way of an extension of existing debt facilities provided by HSBC Bank plc.

29.1. Acquisition of DCB (Kent)

DCB (Kent) provides high quality building, refurbishment and maintenance services to housing associations and local authorities throughout Kent, Sussex, Essex and London. DCB (Kent) also provides disabled adaptations to occupied homes and public buildings through a specialist division, Living Solutions. The fair values of the assets acquired and liabilities assumed were as follows:

	£'000
Goodwill	1,375
Intangible assets	2,324
Tangible assets	750
Inventories	146
Trade and other receivables	4,071
Cash and cash equivalents	(691)
Current liabilities	(3,369)
Non-current liabilities	(188)
Deferred tax	(418)
	4,000

The consideration for the acquisition and the goodwill arising on acquisition are as follows:

	£'000
Initial Cash Consideration -Paid	1,500
Initial Equity Consideration -Paid	500
Cash Consideration (March 2016 results) -Paid	500
Equity Consideration (March 2016 results) -Paid	500
Deferred Cash Consideration (March 2017 results) -Paid post year end	375
Deferred Equity Consideration (March 2017 results) - Paid post year end	125
Deferred Cash Consideration (March 2018 results) - Included in liabilities	500
	4,000

The Company acquired the entire issued share capital of DCB (Kent) for a maximum total consideration of £4 million as set out above. In July 2016, Bilby was pleased to announce that DCB (Kent) had achieved the required minimum adjusted profit before taxation of at least £650,000 in respect of the year ended 31 March 2016. This led to the payment of the deferred consideration as set out above.

The performance conditions relating to the deferred consideration payable on the DCB (Kent) March 2017 results were met and the cash consideration was settled. Additionally 167,113 new ordinary shares were issued at a price of 74.8 pence per share in settlement of the deferred equity consideration.

The performance conditions relating to the deferred consideration payable on the DCB March 2018 results were met and the cash consideration has been settled post year end.

29.2. Acquisition of Spokemead

Spokemead specialises in electrical installation, repairs and maintenance services for local authority owned stock. The fair value of the assets acquired and liabilities assumed were as follows:

	£'000
Goodwill	1,228
Intangible assets	5,922
Tangible assets	29
Inventories	9
Trade and other receivables	336
Cash and cash equivalents	2,757
Current liabilities	(515)
Deferred tax	(1,066)
	8,700

	£'000
Initial Cash Consideration -Paid	5,700
Initial Equity Consideration -Paid	500
Cash Consideration (June 2016 results) -Paid	1,000
Deferred Equity Consideration (June 2017 results)	497
Contingent Deferred Cash Consideration (2018 contract renewal) - Included in liabilities	500
Fair value adjustment less professional fees written back to profit and loss (see note 8)	503
	8,700

The consideration for the acquisition and the goodwill arising on acquisition are as follows:

Bilby acquired the entire issued share capital of Spokemead for a maximum total consideration of £8.7 million as set out above. In August 2016 Bilby was pleased to announce that Spokemead had achieved the minimum required adjusted profit before taxation of £1.1 million for the year ended 30 June 2016 as set out above.

In consideration of the 2017 results for Spokemead the Company paid the vendors of Spokemead £250,000 from the Group's cash reserves with the balance of £247,115 being settled by the issue of 393,183 new ordinary shares at an issue price of 62.85 pence per share.

An additional cash consideration of £500,000 is payable subject to renewal of a customer contract.

29.3 Deferred consideration

Deferred consideration disclosed in the Consolidated Statement of Financial Position consists of the following:

Non current liabilities	2018	2017
	£'000	£'000
On acquisition of Spokemead	-	500
On acquisition of DCB (Kent)	-	500
	-	1,000

Current liabilities	2018	2017
	£'000	£'000
On acquisition of Spokemead	500	500
On acquisition of DCB (Kent)	500	1,000
Convertible loan note	-	513
	1,000	2,013

The convertible loan note is detailed in note 19e.

30. ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling party of Bilby Plc.

31. EVENTS AFTER THE BALANCE SHEET DATE

No events occurred since the year end that require disclosure in these financial statements.

Independent Auditor's Report to the members of Bilby Plc

Opinion

We have audited the parent company financial statements of Bilby Plc for the year ended 31 March 2018 which comprise the Parent Company Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'.

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

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

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Audit Area and Description	Audit approach
Carrying value of investments As a result of the acquisitions made during the prior period, investments represents a significant part of the assets of the Company.	We assessed the Directors' assertion that no impairment was required by reference to trading performance and forecasts.

Due to the nature of the Company we considered net assets to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Company to be £20,000, based on a sliding percentage of net expenses.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company was 60% of materiality, namely £12,000.

We agreed to report to the Audit Committee all audit differences in excess of £1,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Company audit was scoped by obtaining an understanding of the Company and its environment, including Company controls, and assessing the risks of material misstatement at the Company level. The Company was audited by one audit team, led by the Senior Statutory Auditor. Our approach in respect of key audit matters is set out in the table in the Key Audit Matters Section above.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

We have reported separately on the group financial statements of Bilby Plc for the year ended 31 March 2018. That report includes details of the group key audit matters; how we applied the concept of materiality in planning and performing our audit and an overview of the scope of our audit.

Use of our report

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

MATTHEW MEADOWS (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor
Devonshire House
60 Goswell Road
London EC1M 7AD
2nd August 2018

Parent Company Statement of Financial Position as at 31 March 2018

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Investments	6	35,627	35,480
Intangible assets	7	19	27
		35,646	35,507
CURRENT ASSETS			
Trade and other receivables	8	5,759	4,702
Cash and cash equivalents		-	627
TOTAL CURRENT ASSETS		5,759	5,329
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(9,886)	(8,271)
NET CURRENT LIABILITIES		(4,127)	(2,942)
TOTAL ASSETS LESS CURRENT LIABILITIES		31,519	32,565
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	(2,949)	(5,363)
NET ASSETS		**28,570**	**27,202**
EQUITY			
Ordinary shares	13	4,028	3,973
Share premium	14	8,392	8,076
Merger reserve	15	14,251	14,251
Share based payment reserve		699	505
Retained earnings		1,200	397
TOTAL SHAREHOLDERS' FUNDS		**28,570**	**27,202**

The notes on pages 89 to 99 are an integral part of these financial statements.

The financial statements on pages 86 to 88 were approved by the Board and authorised for issue on 2nd August 2018 and signed on its behalf by **D Ellingham**, Director.

Parent Company Statement of Changes in Equity for the year ended 31 March 2018

	Called up share capital	Share Premium	Share based payment reserve	Merger reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2015	2,931	1,213	-	12,000	978	17,122
Loss and total comprehensive income for the year as restated	-	-	-	-	(82)	(82)
Issue of share capital	494	2,582	-	875	-	3,951
Issue costs	-	(136)	-	-	-	(136)
Share based payment charge	-	-	163	-	-	163
Tax credit relating to share options	-	-	-	-	189	189
Equity dividends paid	-	-	-	-	(1,051)	(1,051)
Total transactions with owners recognised directly in equity	494	2,446	163	875	(862)	3,116
At 31 March 2016	**3,425**	**3,659**	**163**	**12,875**	**34**	**20,156**
Profit and total comprehensive income for the year	-	-	-	-	1,446	1,446
Issue of share capital	548	4,575	-	1,376	-	6,499
Issue costs	-	(158)	-	-	-	(158)
Share based payment charge	-	-	342	-	-	342
Tax credit relating to share options	-	-	-	-	(189)	(189)
Equity dividends paid	-	-	-	-	(894)	(894)
Total transactions with owners recognised directly in equity	548	4,417	342	1,376	(1,083)	5,600
At 31 March 2017	**3,973**	**8,076**	**505**	**14,251**	**397**	**27,202**
Profit and total comprehensive income for the year	-	-	-	-	1,603	1,603
Issue of share capital	55	316	-	-	-	371
Share based payment charge	-	-	194	-	-	194
Tax credit relating to share options	-	-	-	-	-	-
Equity dividends paid	-	-	-	-	(800)	(800)
Total transactions with owners recognised directly in equity	55	316	194	-	(800)	(235)
At 31 March 2018	**4,028**	**8,392**	**699**	**14,251**	**1,200**	**28,570**

Parent Company Statement of Cash Flows for the financial year ended 31 March 2018

	Notes	12 months ended 31 March 2018 £'000	12 months ended 31 March 2017 £'000
Net cash generated by operating activities	17	(354)	4,259
Cash flow from investing activities			
Acquisition of subsidiaries		(1,154)	(8,700)
Net cash used in investing activities		(1,154)	(8,700)
Cash flow from financing activities			
Proceeds from borrowings		250	2,500
Repayment of borrowings		(1,442)	(1,182)
Interest paid		(181)	(192)
Issue of ordinary share capital		-	5,000
Issue costs		-	(158)
Purchase of intangible fixed assets		-	(31)
Dividends paid		(800)	(894)
Net cash (used in)/generated from financing activities		(2,173)	5,043
Net (decrease)/increase in cash and cash equivalents		(3,681)	602
Cash and cash equivalents at beginning of year		627	27
Cash and cash equivalents at end of year		**(3,054)**	**627**

Notes to the Company Financial Statements for the financial year ended 31 March 2018

1. BASIS OF PREPARATION

1.1. Statement of compliance

The financial statements of Bilby Plc have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The company transitioned from previously extant UK GAAP to FRS 101 on 20 June 2014. There have been no adjustments to the Company's financial statements on transition. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

Bilby Plc has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The Parent Company profit for the year was £1,603,000 (2017: profit £1,446,000).

These financial statements are presented in £ Sterling, rounded to the nearest thousand.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

1.2. Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risk', issued April 2016.

The directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of these Financial Statements. In developing these forecasts the directors have made assumptions based upon on their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the directors are confident that the Company has sufficient working capital to honour all of its obligations to creditors as and when they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1. Investments

Investments held by the company are stated at cost less provision for diminution in value. Expenses incurred relating to acquisitions are expensed to profit or loss.

2.2. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short term trade and other receivables when the recognition of interest would be immaterial.

2.3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.4. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.5. Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

2.6. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

2.7. Convertible loan notes

Interest-bearing loans (including loan notes) are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement, redemption or conversion, are recognised in profit or loss over the term of the instrument using the effective rate of interest.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan note.

2.8. Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the statement of comprehensive income because it excludes items of income and 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 statement of financial position date.

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying value 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 to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is charged or credited to the statement of comprehensive income except when it relates to items credited or charged directly in equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is calculated at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the statement of financial position date.

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

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

2.9. Share based payments

The Company issues equity-settled share-based payment transactions to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The calculation of fair value at the date of grant requires the use of management's best estimate of volatility, risk free rate and expected time to exercise the options.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements in conformity with FRS requires the Directors to make certain critical accounting estimates and judgements. In the process of applying the company's accounting policies, management has decided the following estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

3.1. Share based payment charge

The company issued share options to Directors and employees of the Group in the year. The Black Scholes model is used to calculate the appropriate charge for these options. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

4. AUDITOR'S REMUNERATION

	2018	2017
	£'000	£'000
Audit fees payable by the Company	32	30

5. EMPLOYEE EXPENSES

The average number of employees (including directors) employed during the period was:

	2018	2017
	No	No
Management	6	6

The aggregate remuneration of the above employees (including executive directors) comprised:

	2018	2017
	No	No
	£'000	£'000
Wages and salaries	452	390
Social security costs	55	47
	507	437

The remuneration of the Directors and other key management personnel of the company are shown in the Directors' Report and note 25.1 of the consolidated financial statements of the Group.

6. INVESTMENTS

	Total
	£'000
As at March 2017	35,480
Share option charge for subsidiaries	147
As 31 March 2018	35,627

The principal subsidiaries of the Company as at 31 March 2018 are shown below:

	Percentage of voting rights	Country of residence	Nature of business
P&R Installation Company Limited	100%	England & Wales	Provision of gas heating, plumbing and building services
Purdy Contracts Limited	100%	England & Wales	Provision of gas, electrical and building services
DCB (Kent) Limited	100%	England & Wales	Provision of building services
Spokemead Maintentance Limited	100%	England & Wales	Provision of electrical services

7. INTANGIBLE ASSETS

	Software costs
	£'000
Cost	
As at 1 April 2017 and 31 March 2018	31
Amortisation	
As 1 April 2017	4
Charge for the year	8
As 31 March 2018	12
Net book value	
At 31 March 2017	27
At 31 March 2018	**19**

8. TRADE AND OTHER RECEIVABLES

	2018	**2017**
	£'000	£'000
Due within one year		
Amount due from subsidiary undertakings	5,524	4,611
Prepayments and accrued income	235	91
	5,759	**4,702**

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Bank loans and overdrafts (note 11)	4,552	1,276
Trade payables	361	183
Deferred consideration (note 11)	1,000	1,500
Amounts due to subsidiary undertakings	3,717	4,630
Other creditors	1	5
Convertible loan note (note 11.2)	-	513
Other taxes and social security	153	42
Accruals	102	122
	9,886	8,271

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Bank loans (note 11.1)	2,949	4,363
Deferred consideration	-	1,000
	2,949	5,363

At the year end up to £1 million (2017: £2.5 million) of deferred consideration was payable in respect of the acquisitions of Spokemead and DCB (Kent) all of which is payable within one year (2017: £1.5 million). See note 29.3 of the Consolidated Financial Statements for details.

11. LOANS AND OTHER BORROWINGS

Loans repayable, included within creditors, are analysed below:

	2018 £'000	2017 £'000
Current		
HSBC term loan	1,441	1,219
HSBC Mortgage	57	57
HSBC bank overdraft	3,054	-
	4,552	1,276
Non current		
HSBC term loan	2,578	3,936
HSBC mortgage	371	427
	2,949	4,363

11.1. Bank loans

Non-current bank loans amounting to £2.949 million as at 31 March 2018, (31 March 2017: £4.363 million), and current bank loans amounting to £1.498 million as at 31 March 2018 (31 March 2017: £1.276 million) are secured on related property, plant and equipment and debtor books of the Group and are repayable by quarterly instalments.

In relation to all facilities there is an Unlimited Composite Company Guarantee given by Bilby, Purdy, Purdy Holdings Limited, P&R, DCB (Kent) and Spokemead to secure all liabilities of each borrower.

Details of the interest rates charged on the loans are as follows:

A 5-year term loan of £5.7 million, with HSBC Bank Plc originally drawn down in July 2015 (£4.2m) and subsequently increased in March 2016 (by £1.5m) and August 2016 (by £1m), is at 2.75% above the Bank of England base rate.

A 10-year mortgage loan of £570,000 with HSBC Bank Plc drawn down in July 2015 is at 1.9% above the Bank of England base rate.

11.2. Convertible loan note

On 13 July 2015 Bilby issued a £500,000 loan note to J R Horlock as part of the consideration for Purdy Holdings Limited. On 14 July 2017, the loan note and outstanding interest were settled from existing cash reserves.

12. SHARE BASED PAYMENTS

The Company has a share option scheme for certain directors and employees. Options are generally exercisable at a price equal to the market price of the Group's shares on the day immediately prior to the date of the grant. Options are forfeited if the employee leaves the Group before the options vest.

The Share Option Plan provides for the grant of both tax-approved Enterprise Management Incentives (EMI) Options and unapproved options.

The Black Scholes model is used to calculate the appropriate charge for the share options. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. The total charge for the year to 31 March 2018 was £194,000 (31 March 2017: £342,000).

Share options issued and the inputs used in the Black Scholes model are detailed in note 27 to the consolidated financial statements of the Group Share options outstanding at the end of the year have the following expiry date and exercise prices. There are no share options exercisable at the reporting date.

			No of Options			
Grant date	Expiry date	Exercise price in £ per share	2017	Issued in year	Forfeited	2018
March 2015	March 2018	0.58	1,612,067	-	(439,655)	1,172,412
July 2015	July 2018	0.95	1,050,000	-	(520,000)	530,000
December 2015	December 2018	1.19	240,000	-	-	240,000
January 2016	January 2019	1.46	-	-	-	-
July 2016	July 2019	1.259	470,000	-	(50,000)	420,000
July 2017	July 2020	0.725	-	395,000	-	395,000
Outstanding at the end of the year			3,372,067	395,000	(1,009,655)	2,757,412

13. SHARE CAPITAL

Ordinary shares of £0.10 each		2018	2017
		£'000	£'000
At the beginning of the year		3,973	3,425
Issued in the year		55	548
At the end of the year		4,028	3,973
Number of shares		**2018**	**2017**
At the beginning of the year		39,729,731	34,247,845
Issue of initial consideration shares in connection with DCB (Kent)	a)	-	423,729
Issue of initial consideration shares in connection with Spokemead	b)	-	423,729
Placing of shares on AIM in connection with the acquisitions of DCB (Kent) and Spokemead	c)	-	4,237,288
Issue of further consideration shares in connection with DCB (Kent)	d)	167,113	397,140
Issue of further consideration shares in connection with Spokemead	e)	393,183	-
At the end of the year		40,290,027	39,729,731

(a) Acquisition of DCB (Kent)

On 12 April 2016, the Company acquired the entire issued share capital of DCB (Kent). The initial consideration for DCB (Kent) was satisfied by a cash payment of £1,500,000 together with an issue of 423,729 new Bilby ordinary shares at a price of 118 pence per share (the "Consideration Shares").

(b) Acquisition of Spokemead

On 12 April 2016, the Company also acquired the entire issued share capital of Spokemead. The initial consideration for Spokemead was satisfied by a cash payment of £5,700,000 together with an issue of 423,729 new Bilby ordinary shares at a price of 118 pence per share (the "Consideration Shares").

(c) Placing

The acquisitions were partly funded through the placing of 4,237,288 new ordinary shares at a price of 118 pence per share raising £5 million for the Group. Share issue costs amounted to £158,000.

(d) DCB (Kent) further consideration

Further consideration for DCB (Kent) was satisfied on by a cash payment of £500,000 together with an issue of 397,140 new Bilby ordinary shares at a price of 126 pence per share (the "Further Consideration Shares"). Further consideration for DCB (Kent) was satisfied on 13 July 2017 by a cash payment of £375,000 together with an issue of 167,113 new Bilby ordinary shares at a price of 74.8 pence per share.

(e) Spokemead further consideration

Further consideration for Spokemead was satisfied by a cash payment of £1 million paid in August 2016. Further consideration was paid on 27 September 2017 by way of a cash payment of £250,000 together with an issue of 393,183 new Bilby ordinary shares at a price of 62.85 pence per share.

14. SHARE PREMIUM

	2018 £'000	2017 £'000
At the beginning of the year	8,076	3,659
Issued in the year	316	4,575
Issue costs	-	(158)
At the end of the year	8,392	8,076

15. MERGER RESERVE

	2018 £'000	2017 £'000
At the beginning of the year	14,251	12,875
Acquisition of DCB (Kent)	-	919
Acquisition of Spokemead	-	457
At the end of the year	14,251	14,251

The acquisition of Purdy Holdings Limited was partly funded through the Placing of 3,687,500 ordinary shares at a price of 80 pence per share. The difference between the nominal value of the shares issued and the Placing price gives rise to a premium of £875,000 which has been added to the merger reserve.

The acquisitions of DCB (Kent) and Spokemead was partly funded through a placing of 4,237,238 new ordinary shares at a price of 118 pence per share. The difference between the nominal value of the shares issued and the placing price gives rise to a premium which has been added to the merger reserve.

16. NOTE TO THE CASH FLOW STATEMENT

	2018 £'000	2017 £'000
Cash flow from Operating Activities		
Profit/(loss)before income tax	1,603	(1,323)
Adjustments for:		
Net finance cost	181	200
Share based payments	47	30
Unwinding of fair value discount	-	102
Fair value adjustment	(488)	-
Amortisation	8	4
Movement in receivables	(1,057)	(1,345)
Movement in payables	(648)	6,654
Income tax paid	-	(63)
Net cash (used in)/generated by operating activities	**(354)**	**4,259**

17. FINANCIAL INSTRUMENTS

The Company's principal financial assets are cash and cash equivalents and other receivables. All financial assets are classified as loans and receivables.

The Company's principal financial liabilities are financing liabilities and trade and other payables. All financial liabilities are held at amortised cost.

The Company is exposed to the risks that arise from its use of financial instruments. The objectives, policies and processes of the Company for managing those risks and the methods used to measure them is described in note 24 of the Consolidated Financial Statements. Further quantitative information in respect of these risks is presented throughout the Group Consolidated Financial Statements.

The Company held the following financial assets at each reporting date:

	2018	2017
	£'000	£'000
Loans and receivables:		
Other receivables	5,524	4,611
Cash and cash equivalents	-	627
	5,524	**5,238**

Company Financial Statements for the financial year ended March 2018

The Company held the following financial liabilities at each reporting date:

	2018	2017
	£'000	£'000
Held at amortised cost:		
Bank loans and overdrafts	7,501	5,639
Convertible loan note	-	513
Deferred consideration	1,000	2,500
Accruals	102	122
Trade payables	361	183
Amounts due to subsidiary undertakings	3,717	4,630
	12,681	**13,587**

The table below shows the maturity profile of the Company's financial liabilities as at 31 March 2018:

	Within 1 year	Within 1-2 years	Within 2-5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities					
HSBC mortgage	57	57	171	143	428
HSBC term loan	1,441	1,441	1,137	-	4,019
HSBC bank overdraft	3,054	-	-	-	3,054
Deferred consideration	1,000	-	-	-	1,000
Trade payables	361	-	-	-	361
Accruals	102	-	-	-	102
Amounts due to subsidiary undertakings	3,717	-	-	-	3,717
	9,732	**1,498**	**1,308**	**143**	**12,681**

17.1. Capital management risk

The capital structure of the Company consists of net debt as disclosed below and equity as disclosed in the Statement of Changes in Equity.

	2018	2017
	£'000	£'000
Net debt comprised as follows:		
Cash at bank and in hand	-	627
Bank borrowings and overdrafts	(7,501)	(5,639)
	(7,501)	**(5,012)**

18. RELATED PARTY TRANSACTIONS

18.1. Transactions with group undertakings

During the year the company entered into the following transactions with its subsidiary undertakings.

	Management charges to subsidiaries	Dividends
	£'000	£'000
Year ended 31 March 2018	**1,100**	1,350
Year ended 31 March 2017	304	**2,800**

As at 31 March 2018 amounts owed by subsidiary undertakings totalled £5,524,000 (2017: £4,611,000) and £3,717,000 (2017: £4,630,000) was owed to subsidiary undertakings.

19. OPERATING LEASES

The Company enters into non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Land and Buildings	**2018**	**2017**
	£'000	£'000
Less than 1 year	60	60
More than 1 year but less than 5 years	240	240
More than 5 years	720	780
	1,020	**1,080**

20. ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling party of Bilby Plc.

21. EVENTS AFTER THE REPORTING DATE

No events occurred since the year end that require disclosure in these financial statements.

22. PARENT COMPANY GUARANTEE

Parent company guarantees are in place supporting some selected contracts entered into by all four trading subsidiaries. The form of guarantee provided by Bilby obliges the group to undertake the work of the service provider in the event the trading subsidiary is unable to fulfil the services provision required: indemnify the customer against any losses incurred due to failure of the trading subsidiary to fulfil the service and give a duty of care to the customer as if Bilby itself was the service provider.

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

Bilby plc (the **Company**), incorporated in England and Wales (registered number 09095860), gives notice that its annual general meeting (the **Meeting**) will be held at the offices of Hudson Sandler LLP 25 Charterhouse Square, London EC1M 6AE, on 11th September 2018 at 10:30 a.m. to consider and if thought fit, to pass the resolutions (set out below), of which resolutions 1 to 4 are proposed as ordinary resolutions and resolution 5 is proposed as a special resolution.

If you have recently sold or transferred all of your shares in the Company, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

ORDINARY RESOLUTIONS

1. To receive and adopt the Annual Report and Accounts of the Company for the financial year ended 31 March 2018 together with the Directors' Report and Auditors Report on those accounts.
2. To declare a final dividend for the financial year ended 31 March 2018 of 2 pence per ordinary share.
3. To appoint Kingston Smith LLP as auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next annual general meeting of the Company at which the accounts are laid.
4. The directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the Act) to exercise all powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares up to a nominal amount of £1,342,867 such authority to expire at the end of the next Annual General Meeting or on 19 October 2019, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority ends.

This resolution revokes and replaces all unexercised authorities previously granted to the directors in accordance with section 551 of the Act to allot shares or grant rights to subscribe for or to convert any security into shares but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTION

5. That subject to the passing of Resolution 4 above, the Directors be generally empowered to allot equity securities wholly for cash pursuant to the authority given by Resolution 4 above, or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the 2006 Act, in each case:

   a. in connection with a pre-emptive offer; and

   b. otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £1,342,867; and

as if Section 561(1) of the 2006 Act did not apply to any such allotment, such power to expire at the end of the next Annual General Meeting or on 19 October 2019, whichever is the earlier but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends.

Explanation of Resolutions

1. The Company is required to present the accounts for the year ended 31 March 2018 and the reports of the Directors and Auditors to the Annual General Meeting for approval. These are contained in the Company's Annual Report and Accounts for the year ended 31 March 2018. Shareholders have the opportunity to put forward questions on the Annual Report and Accounts.
2. The directors are recommending a final dividend of 2 pence per ordinary share in respect of the year ended 31 March 2018, which if approved, will be payable in September 2018 to shareholders on the register of members on 27th July 2018.
3. The Company is required to appoint auditors at each general meeting at which the accounts are presented to shareholders to hold office until the conclusion of the next such meeting. Resolution 3 seeks shareholder approval to re-appoint Kingston Smith LLP as auditor to hold office from the conclusion of the Meeting until the conclusion of the next annual general meeting of the Company at which the accounts are laid.
4. The directors are prevented, subject to certain exceptions, from allotting shares in the Company or granting rights to subscribe for, or convert any security into, shares in the Company without the authority of the shareholders. The authority to allot granted on 19 July 2017 expires at the end of the Meeting and therefore the directors are seeking to renew the authority to allot up to a maximum of £1,342,867. The directors' authority granted in Resolution 4 will expire at the next Annual General Meeting or on 19 October 2019, whichever is the earlier.
5. Subject to certain exceptions, when new shares are allotted, they must be first offered to existing shareholders pro rata to their holdings. This Resolution 5 would give the directors the authority to allot ordinary shares in the Company without first having to offer such securities to existing shareholders in proportion to their existing shareholdings. The authority would be limited to allotments or sales in connection with (a) a pre-emptive offer and (b) up to an aggregate nominal amount of £1,342,867. The directors authority granted in Resolution 5 will expire at the next Annual General Meeting or on 19 October 2019, whichever is the earlier.

By order of the Board
Paul Castle, Company secretary
6-8 Powerscroft Road
Sidcup
Kent
DAI4 5DT
2nd August 2018

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at:

- 6.00 p.m. on Friday 7th September 2018; or,
- if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Website giving information regarding the meeting

2. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at **http://bilbyplc.com.**

Appointment of proxies

3. If you are a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

4. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. 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, please contact the Company's registrar: Neville Registrars Limited (Neville Registrars), Neville House, Steelpark Road, Halesowen, B62 8HD.

5. Shareholders can:

- Appoint a proxy and give proxy instructions by returning the enclosed proxy form by post (see note 7).
- If a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see note 8).

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting and vote in person, your proxy appointment will automatically be terminated.

6. 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 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.

Appointment of proxy by post

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, B62 8HD; and
- received by Neville Registrars no later than 10:30 a.m. on Friday 7th September 2018.

In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

If you have not received a proxy form and believe that you should have one, or if you require additional proxy forms, please contact Neville Registrars by email info@nevilleregistrars.co.ulc or by telephone on 0121 585 1131.

Appointment of proxies through CREST

8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 7RA11) no later than 10:30 a.m. on

Tuesday 14 August 2018 or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Changing proxy instructions

9. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars by email **info@nevilleregistrars.co.uk** or by telephone on 0121 585 1131.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

10. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by either.

- Sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- Sending an e-mail to **info@nevilleregistrars.co.uk**.

In either case, the revocation notice must be received by Neville Registrars no later than 10:30 a.m. on Friday 7th September 2018.

Corporate representatives

11. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Communication

12. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- contact Neville Registrars by email **info@ nevilleregistrars.co.uk** or by telephone on 0121 585 1131; or
- contact the Company Secretary in writing at the Company's registered office.

You may not use any electronic address provided either.

- in this notice of annual general meeting; or
- any related documents (including the chairman's letter and proxy form),

to communicate with the Company for any purposes other than those expressly stated.

Company information and advisors

Registered Office
6-8 Powerscroft Road
Sidcup
Kent DA14 5DT

Company Secretary
Paul Castle FCA

Website
www.bilbyplc.com

Nominated Adviser & Broker to the Company
Northland Capital Partners Limited
40 Gracechurch Street
2nd Floor
London EC3V 0BT

Auditor to the Company
Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Solicitors to the Company
Dentons UK & Middle East LLP
One Fleet Place
London EC4M 7WS

Financial PR
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