Aquila

Aquila Services Group plc

Annual report and financial statements for the year ended 31 March 2020

Company Registration No. 08988813 (England and Wales)

Contents

Group Highlights

Our Purpose

To: make a better, more sustainable, and socially responsible world.

Our Vision

- To have a direct and positive impact on communities and people's lives in the UK and beyond.
- To offer staff the opportunity to work in an environment which has a strong social focus and an opportunity to make a positive impact.
- To provide investors with the opportunity to support an organisation that combines strong performance with work which makes a positive difference.

Our Culture and Values

- We Collaborate – working together to succeed together.
- We Innovate – we challenge the norm.
- We Care – we go the extra mile.

What We Do

Our work helps our clients to develop a response to a changing world and make a positive difference to the communities in which they operate. We work with clients across housing and regeneration, sport and education, charity and government sectors. We work across the UK and internationally.

Financial highlights

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

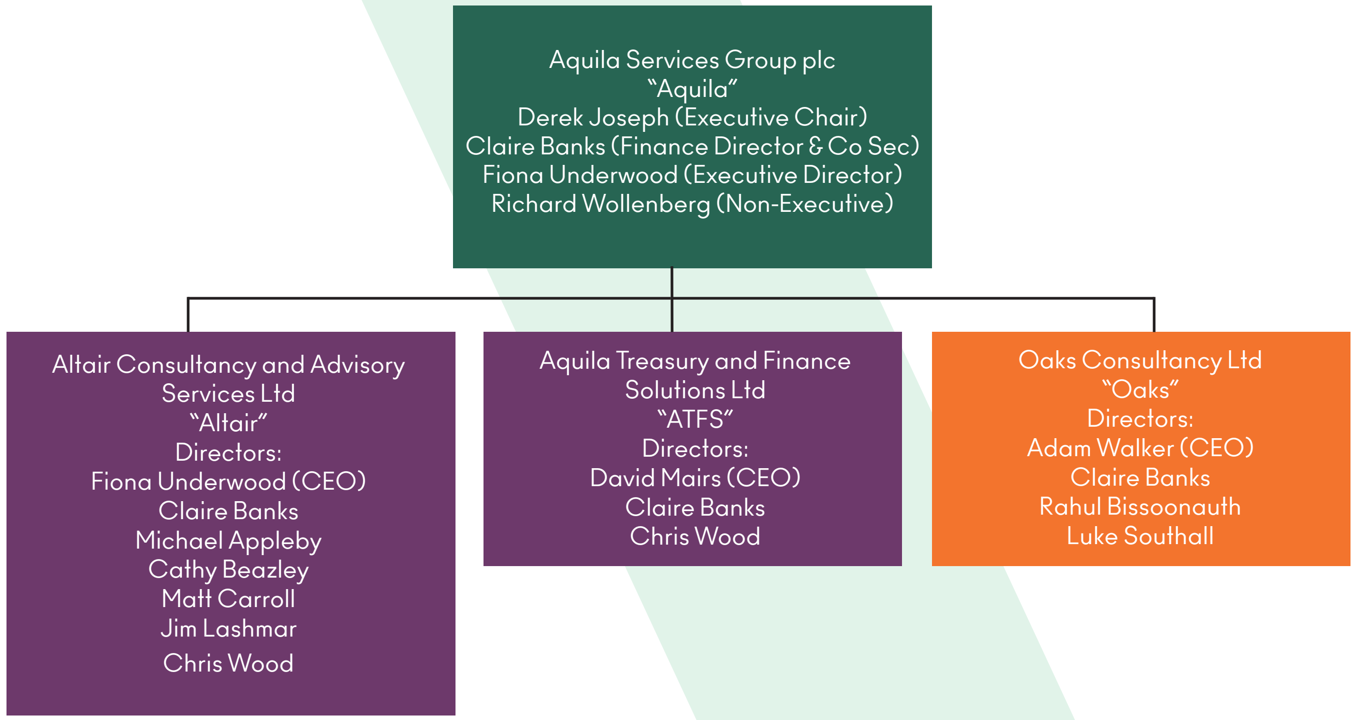
	Year ended 31 March 2020 (audited) £000s	6 months to 30 Sept 2019 (unaudited) £000s	Year ended 31 March 2019 (audited) £000s
Turnover	7,963	3,891	7,655
Gross profit	1,752	980	1,867
Underlying operating profit	**468**	**306**	**724**
Share option charge	(105)	(52)	(117)
Restructuring costs relating to Covid-19	(186)	-	-
Acquisition costs	(51)	-	-
Share of profits from associate	51	-	-
Statutory profit after tax	126	195	466
EPS	0.35p	0.55p	1.32p
Cash balances	828	1,127	1,719

Dividend

Due to the current economic climate and the requirement for the Group to maintain and retain cash reserves within the business the directors do not propose a final dividend for the year end. The total dividend for the year was 0.30p (paid as an interim dividend in December) compared to a final dividend of 0.89p in 2019.

Corporate Structure

The Group is pleased to report that since the end of the financial year, changes to the corporate structure of the organisation and the directors of the subsidiary boards are shown below.



Aquila at a Glance

Aquila Services Group plc ('the company') is the holding company for Altair Consultancy & Advisory Services Ltd ('Altair'), Aquila Treasury & Financial Solutions Ltd ('ATFS') and Oaks Consultancy Ltd ('Oaks') which form the group ('the Group').

Oaks, an independent consultancy, assists education and sporting organisations and joined the Group on 11 June 2019 and Finalysis acquired on 31 January joined the Group as part of ATFS.

The Group continues to implement its business strategy of widening the offer to encompass all the professional consultancy services that the Groups client base demands. The Group now encompasses specialisms in affordable housing, regeneration, sport and education consultancy. This includes the provision, financing and management of affordable housing and related activities, advising and supporting organisations that benefit local communities such as housing associations, local authorities, government agencies, multi-academy trusts, other non-profit organisations and those set up for community benefit, as well as providing related high- level business advice to the commercial property sector. The acquisition of Oaks and Finalysis was a key step in fulfilling this strategy.

Group members

Altair Consultancy & Advisory Services Ltd

- Specialist management consultancy company
- Works with organisations that govern, manage, regulate or build housing
- Operates within the UK, Republic of Ireland and with an increasing international presence
- Provides development, governance, financial, HR, compliance, transformation and strategic advice and executive and non-executive recruitment
- Work is delivered through advisory projects on a fixed fee basis, retained contracts in our finance and governance business streams and interim placements for members of the property team at client sites

Aquila Treasury & Financial Solutions Ltd

- Specialist treasury management consultancy authorised and regulated by the Financial Conduct Authority.
- Clients include local authorities, charities, housing associations, education bodies, private sector housing providers and government bodies.
- Operates across the UK and Ireland.
- Provides advice on treasury policy and strategy, debt and capital market finance, banking and card merchant services, value for money, and financial market information services.
- Work is delivered through fixed price contracts as retained general treasury advisers and information subscription agreements
- Specific advisory project contracts are on a fixed fee basis, won through competitive procurement tenders, payable on agreed project milestones

Oaks Consultancy Limited

- Specialist sports, charity, statutory and education consultancy
- Clients include national and international sports teams and governing bodies, national and international charities, statutory organisations and local authorities, multi academy trusts and teaching school alliances, housing associations and corporate businesses
- Operates extensively within the UK and Europe and increasingly within India and Asia
- Provides consultancy advice and guidance in relation to strategic and business planning, organisational and cultural change programmes, impact measurement, together with implementation support in relation to income generation and diversification
- Work is delivered through a mix of fixed price contracts and retained general advisory services

Investments

3C Consultancy Limited – 25% equity holding

The Company provides IT consultancy services to the housing sector.

AssetCore – 6% equity holding

A digital financial debt management platform for the affordable housing sector.

These investments form part of the Group's continuing strategy to establish a presence as a key player in a range of IT consultancy and digital initiatives in the sector.

Chair's Statement

Dear Shareholder,

I am pleased to present the Annual Report and the Financial Statements for the year to 31st March 2020.

The report has been redesigned to provide a more accessible overview of the Group businesses, activities and outcomes for the year so I am taking this opportunity to give an insight to our trading and decisions for the past year and our thoughts and plans for the future.

'May you live in interesting times' is an old Chinese greeting although some might say a curse. The implication was not avoiding boredom but that the road ahead would be dangerous and you would need all your skill and endeavour to successfully complete your journey. How apt this greeting would have been at the start of the year. So much has happened. I am pleased to report we are now recognising the successes and overcoming the difficulties so that we look forward with confidence.

A key element of the Group's business objectives was to widen the range of professional services we offer our clients. This expansion would benefit the business by diversifying our income streams both by sectors and geographically.

The acquisition of Oaks which completed in June 2019 widened our consultancy client base in the education, sports and charity sectors as well as providing opportunities with existing clients who provide community services. Oaks also has an established and growing international portfolio. Bringing Finalysis into the Group as part of our treasury subsidiary ATFS earlier this year adds the education sector to our treasury client base as well as a wider range of financial support services.

We have been diversifying our business activities within Altair, updating and expanding our transformation offering, growing and strengthening our technical teams to support clients with their compliance and cladding issues, particularly through Altair governance and leadership teams. The continuing expansion of Altair International and teams developing new products will provide increasing revenues in future years.

We are successfully continuing to develop our high level and short-term placement model mainly through the Group's property division and future plans include rollout to other divisions and specialist teams. As mentioned in previous reports, the interim executive business remains under pressure from a variety of sources: clients utilising internal resources or utilising their own networks, the implementation of IR35 and competition from internet-based platforms.

Early in the financial year the Group Board conducted a governance review, streamlined some of our decision making and enabling opportunities for our up and coming ambitious team members. Subsidiary boards will now only have operational members and all Group integration and co-ordination will be routed through these boards. This process completed towards the end of the year is working well in difficult circumstances and is expected to be cost beneficial for the future.

The success of our business strategy was starting to be recognised at the September 2019 interim stage with increased turnover and higher profit, both at the gross and operating level and enhanced cash balances all compared to the same point in the previous year. With Oaks and Finalysis beginning their integration into the Group and some of the wider political uncertainties such as Brexit and the General Election now less important, we looked forward to sustainable growth and reporting improved outcomes for the year.

By the middle of February 2020 there were increasing concerns about the spread of the COVID-19 virus and we were thinking about the implications this could have on our operations. Like most other businesses, it was difficult to assess the impact this might have in the UK and on our clients. Within two weeks we moved from a watching brief to an action plan. The investment we had made in IT meant that the move to home working was swift and seamless. Consultants normally based at the offices of clients were able to continue working from home. The Board agreed that it must reshape the business to focus on client delivery and put on hold our expansion programme. Resources would not be available for our strategic plans such as acquisitions and mergers. As a consequence, the role of our Group CEO Steve Douglas CBE became redundant.

Much depended on the decisions of our clients wanting to continue with existing contracts or defer. For many of our clients their priorities would dramatically change as many needed to put first their own vulnerable residents and service users. This was all done with a high level of co-operation and understanding and reflects the quality of the relationships between our staff and clients.

By the end of March 2020, we had issued or were part-way through a redundancy process for a small number of staff and also took advantage of the government scheme to furlough some staff to protect their employment. All the above was carried out with as much transparency and staff involvement as possible.

Inevitably working through this action plan reduced turnover in what is usually one of the busiest periods of the year. We reviewed the values of our work in progress and contract pipeline, particularly in terms of delay and extra costs that lockdown arrangements could generate. Our actions had cost implications in addition to redundancy costs, the latter are identified separately in the results.

Without the COVID-19 emergency we are confident that reported profits for the year would have been similar or better than the previous year reflecting the progress reported at the interim stage. The gross profit for the twelve months ended 31 March was £1,752k compared to £1,867k for the twelve months ended 31 March 2019.

Including redundancy costs of £186k (2019 £Nil), the legal costs of acquisitions £51k (2019 £nil) and the costs attributed to the existing share options £105k (2019 £117k) underlying operating profit of the business was £468k (Sept 2019 £306k, Mar 2019 £724k). The shortfall is an indicator of the cost to the business from the crisis. Statutory profit after tax for the year was £126k (Sept 2019 £195k, Mar 2019 £466k). For the first time we are pleased to report there has been a contribution from our share of associates profit of £51k (2019: Nil).

Our most pressing concern was not the continuation of existing contracts but whether clients, hard pressed to manage their existing workload and with new responsibilities to support their own vulnerable clients, could allocate resources to procure future strategic and technical support. We did not know whether new property developments, looking at new ways of working, training and efficiency initiatives would be put on hold and for an uncertain timescale. To plan for this uncertainty, we formulated a range of budgets and cash flows with resulting action plans. I am pleased to report that for the first two months of this year trading has been satisfactory and with some new opportunities coming forward, although not at the level of pre COVID-19, we are likely to be able to sustain trading at a profitable level.

From the early days of the crisis it was obvious that one of the most critical measures was to maximise the Group cash balances. Consequently, additional resources and monitoring were inputted into both billing and debt collection as well as reducing non-essential operating costs as much as possible. This included not declaring a final dividend for the year. I am pleased to say that as at the time of writing our cash balances are higher than at the year end, even after deducting the benefit of the deferral of VAT payments. We are also examining options to increase cash availability to have the capacity to expand if competitors cannot deliver or there are relevant opportunities created by government actions to boost economic activity.

I must make special mention of Steve Douglas CBE, our CEO. We will miss his knowledge and experience of the affordable housing sector and his commitment to the diversity agenda. We wish him well for the future.

Following Steve's departure and discussions at Group Board it was agreed that I should become the Executive Chair for an interim period. We will review our longer-term requirements when the future level of business activities is more predictable.

There are so many people I personally and on behalf of the Group Board should mention that deserve our thanks and appreciation. I need to express my gratitude to my fellow board members Claire, Fiona and Richard. It would be invidious to pick out other individuals because every staff member, associate, people we work with at clients, regulators and government have given over and above what should be expected and with good humor and understanding.

We do not know if the crisis is over yet though the current easing of lockdown is promising and hope the future is less 'interesting'. Today we are looking forward with confidence to restarting our growth agenda and again generating increasing returns for shareholders. I look forward to reporting on progress at the interim.

Derek Joseph - Chair

2 July 2020

Strategic Report

Strategy and objectives

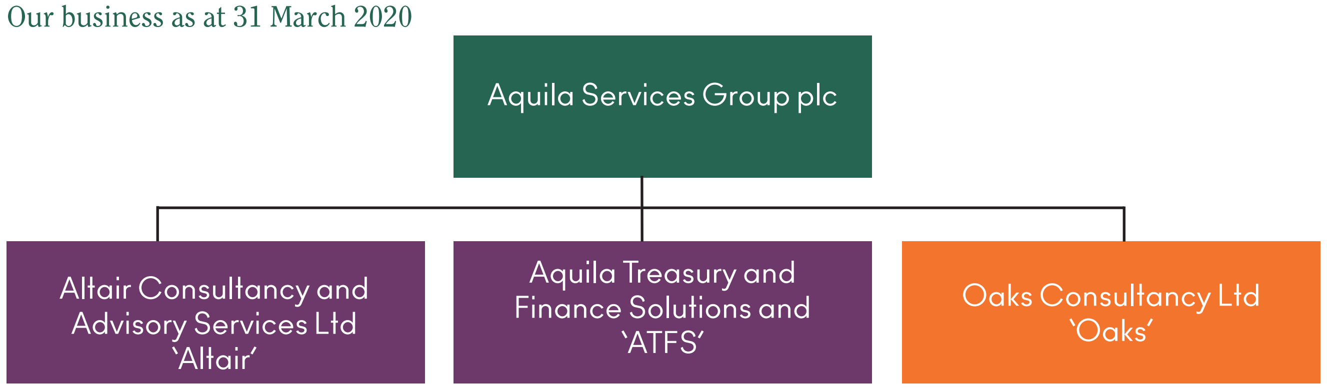
Aquila Services Group (Aquila) has a bold purpose to 'make a better, more sustainable, and socially responsible world'. We achieve this by being a consultancy group which provides professional support services to socially focused sectors in the UK and internationally.

Our purpose is core to what we want to be across the group:

- We want our subsidiaries to have a direct and positive impact on people's lives in the UK and beyond.
- We want to offer staff the opportunity to work in an environment which has a strong social focus and an opportunity to make a positive impact.
- And we want to provide investors with the opportunity to work with an organisation that combines strong performance with work which makes a positive difference.

Our work helps our clients to develop a response to a changing world and make a positive difference to the communities in which they operate. At present we work with clients across housing and regeneration, sport and education, charity and government sectors. We work across the UK and increasingly internationally.

Our business as at 31 March 2020



Aquila delivers work to clients through key subsidiaries, each of which has a core market and service focus:

- **Altair** provides support for affordable housing and government bodies through the development, growth, management, governance, and operation of organisations, and the improvement of services to housing customers.
- **ATFS** is registered with the Financial Conduct Authority and provides advice to the affordable housing sector on treasury and funding solutions, particularly for new affordable housing.
- **Oaks** works with clients in the sport and education sectors focused on strategy, business planning and income generation activities.

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

This S172 statement, which is reported for the first time, explains how the Group and in particular the board:

- has engaged with key stakeholders; and
- has reached key decisions and the likely impact of those decisions, including how it has taken account of the company's stakeholders in doing so during the financial year.

The S172 statement focuses on matters of strategic importance to the Group, and the level of information disclosed is consistent with the size and the complexity of the business.

S172(1) (A) "The likely consequences of any decision in the long term"

The Group board reviews all relevant information and possible scenarios to consider the implications of any decision made to ensure there is no adverse impact on the future business or stakeholders of the Group and that the strategic aims and objectives of the Group can be achieved. This was demonstrated in the Group's COVID-19 planning.

S172(1) (B) "The interest of the company's employees"

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others;"

	Investors	Employees	Customers
Why they matter to us	Providers of capital and therefore growth opportunities A significant proportion of shareholders are also employees	Key resource of talent providing solutions and innovative product development to assist clients. Critical in achieving the Group's objectives To offer employees the opportunity to work in an environment that has a positive social impact.	Our clients provide services that help in making a better, more sustainable, and socially responsible world The aim of the Group is to assist clients in achieving this. They are the Group's main source of revenue.
What matters to them	Return on investment Longevity of the business	Recognition and reward Interesting work and strong client relationships Strong culture and values Personal and career development	Quality and value for money. Sound advice. Strong relationships with the Group's employees.
Type of engagement	Stock Exchange announcements and press releases Annual reports	Regular staff surveys Regular use of different media forums to inform and listen	Direct engagement with clients.
How the board engages	Board attendance at the AGM Non-executive director meetings	Attendance at staff conferences Regular webinar updates and communications	Regular communication via publications, and e-bulletins. Customer satisfaction survey.
How they influence board-making decisions	Investors' opinions are taken into account when considering future policy.	The board listened to the concerns and appointed senior members of staff onto subsidiary boards, all of which are now operational boards.	Investment in new product development.

Strategic Report (continued)

S172(1) (D) "The impact of the company's operation on the community and the environment"

The Group is committed to making a better, more sustainable and socially responsible world.

The board listened to the employees and the 'Green Group' has been created as an employee-led group, with representation from across Aquila Group and its subsidiaries.

The Green Group has responsibility for driving Aquila's approach to become a carbon neutral and climate conscious organisation.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The Group provides professional support services to socially focused sectors in the UK and internationally, and always aims to deliver exceptional standards of service and conduct and remain market leaders in our sectors.

Our purpose, culture and values dictate the standards that are maintained by our employees.

S172(1) (F) "The need to act fairly between members of the company"

The Group board considers all relevant information taking into account the impact on all stakeholders before adopting the best course of action to enable delivery of the Group's strategy.

Business environment
Trends and factors

This year has been one of change for the Group with the acquisition of Oaks, our specialist sports and education business, and Finalysis, a banking and treasury consultancy.

There has been considerable external change and uncertainty as the UK went through another election, finally exited from the EU in January 2020 and the impact of COVID-19 in February and March 2020. These external events have affected the business of the Group.

The General Election meant that all government departments and local authorities went into purdah, Brexit caused significant delay in commissioning new work as businesses focussed on preparedness and the actions of the UK Government to halt the spread of COVID-19 meant that work was again delayed, both in commissioning and also delivery or cancelled.

The Group acted very swiftly during March and all our staff were home-working within days of the initial announcement pre-COVID-19 lockdown in mid-March. Our investment in the previous year in IT put us in a very strong position and we could immediately communicate virtually with our clients and internally with our colleagues. The offices in Birmingham and St Leonards on Sea were closed, and our London office remained open for essential services.

We quickly moved to restructure the business and our Group Chief Executive, Steve Douglas CBE, left in April. We have made further redundancies and have taken advantage of the government's furlough scheme for a few of our staff. The redundancies that were committed in the year ended 31 March 2020 have been provided for in the year and identified within note 6 in the notes to the accounts.

The following case studies show work across the Group

Altair International - Providing support to Kyrgyzstan State Mortgage Company to boost supply of energy efficient homes

The objective of this consultancy project is to assist the State Mortgage Company (SMC) in developing solutions for low-cost, low-density housing design, construction techniques and materials suitable for local climate and cultural identity in rural areas, and support stakeholders in rural mid-sized cities to initiate corresponding pilot construction projects.

The outcome from the project led by Altair International, working with a number of other advisers (Sweco and Affordable Housing Institute), is to have pilot projects prepared which integrate energy efficiency/ climate resilience principles with affordable, risk-free lending for the rural population. The core tasks of the project are these:

- Conduct general housing market analysis for Kyrgyz Republic in seven cities.
- Assist the creation of Special Purpose Vehicles for land acquisition, infrastructure servicing, and real estate development including business plan elaboration (up to three cities).
- Support SMC in developing simple and flexible low-cost/low-density housing solutions suitable for rural areas.
- Identification of pilot projects for new low- density construction in rural, mid-sized cities of Krygyz Republic.

The work will result in having an impact on identifying how housing needs can be addressed in a part of the world where the demand for low-cost homes is high.

Altair - Greater Manchester GC Growth Hub

The Growth Hub appointed Altair (after a competitive tendering process) to undertake research to better understand the scale and scope of the market opportunities likely to be realised in the next five years for green technologies and services by Greater Manchester Housing Providers (GMHPs). From October 2019 to February 2020, Altair undertook qualitative and quantitative research to understand the barriers and opportunities for the use of green technologies by GMHPs, and to identify demand for specific technologies likely to be used in future for retrofitting of existing properties, and for new development.

The recommendations focussed on: what the low carbon supply chain might do to support the social housing sector, thereby developing commercial opportunities for GMHPs, the role that other key stakeholders might play in expediating the use of green technologies, and ensuring that the sector maximises the opportunity of delivering against national carbon reduction targets.

Our findings have been summarised in a report which is due for wider publication.

Altair - Government of Jersey - Housing Policy Development Board (Lead sector experts and researchers)

Altair was appointed to assist the work and activities of The Housing Policy Development Board in Jersey by undertaking primary and secondary research, identifying and liaising with expert witnesses, scoping policy, delivery and financing recommendations and preparing final reports. Our work began with an as-is "baseline" analysis of the main challenges, including key drivers for policy on the supply and demand side of housing provision, such as:

- barriers to land and development
- Jersey's ageing population
- tenure and affordability
- Jersey's housing market in the wider economy

Once the board agreed the key issues, we led workshop sessions with sector experts in housing finance, housing delivery, housing for older people, and fiscal policy to generate a long list of potential policy interventions for the board to consider. This long list was refined and tested. Once acceptable interventions were determined, we worked the individual interventions into comprehensive policy packages. They are now being tested (including assessing viability / financial impact) and refined with the board at present.

Our final report includes recommendations from the board for inclusion in the spatial land strategy (Island Plan), Government Strategy and related housing policies.

Oaks - Magic Bus

Magic Bus works primarily in the most disadvantaged areas of India, Bangladesh and Nepal, and the charity supports over 400,000 young people across South Asia each year. Magic Bus recently partnered with Oaks to undertake a review of its fundraising performance over the last few years and explore all the possible income generation opportunities available in the UK market.

Upon successful completion of this exercise, we presented our findings to the Magic Bus UK board in July 2019, identifying several new areas of development and proposing a new fundraising team structure to build sufficient capacity and expertise within the organisation to enable significant income growth. Following this consultancy exercise, Oaks has taken on the running of the Magic Bus UK fundraising office for 2020, acting as Interim Fundraising Director and supplying significant fundraising capacity to the team. We are leading their fundraising approach to institutions, corporates and major donors in addition to managing and restructuring their existing fundraising team. In 2020 this approach is expected to raise over £700,000 for the charity's work in India and will result in the transition to a new, high performing fundraising team in early 2021.

ATFS

Our client was a Top 100 charity, providing housing for those with learning disabilities. Here at ATFS we reviewed the commercial terms of a proposed agreement to act as delivery agent for a social impact fund. We assessed associated risks, reviewed board presentations and interviewed executive staff to verify that internal risk assessment was rigorous, and assessed the credential and standing of the social impact fund.

We gained an outcome of an independent view of the risks of the transaction and we highlighted any issues for the Board that had not already been identified.

More information on all case studies is available on the Group's website www.aquilaservicesgroup.co.uk

Principal risks and uncertainties

The principal risks currently faced by the Group are:

Financial instruments

The main financial risks arising from the Group's activities are credit risk, foreign currency risk, interest rate risk and liquidity, details of which can be found in note 24 to the Financial Statements.

Strategic Report (continued)

Unfavourable economic conditions and/or changes to government policy

The predicted economic decline and/or recession and changes in government policy that may restrict client income, reduce grant levels or other measures could impact the business as clients react and reduce or stop commissioning work.

Local authorities, whose finances have been severely affected by COVID-19, may stop all consultancy contracts and stop commissioning new work.

The continuing Brexit negotiations and the risk of exiting without a deal could lead to a period of uncertainty.

The implementation of IR35 within the interim market, although delayed, has and will continue to affect this part of the business.

COVID-19

The return to normal business takes longer than anticipated and the possibility of a second or third wave means the normal procurement and commissioning of projects is delayed or cancelled.

Competition

Increased competition in the market continues to pose a risk to all subsidiary companies.

Staff skills, retention, recruitment and succession

As the Group is a people-based business a significant risk is the recruitment and retention of talent. The Group has implemented succession plans within the year to mitigate this risk.

Data governance

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

Mitigations of risk

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

The Group is well placed to provide the full range of services needed by its clients as the external environment changes. Despite the impact and uncertainty of Covid-19, the outlook for the Group remains positive.

Environment

As part of the Group's overall purpose of 'Making a better, more sustainable, socially responsible world' the need to tackle the wider climate emergency has been a focus and as a result, a group of employees from across the Group has been set up to plan an approach for the Group and how to assist clients with their climate change agenda and environmental issues. Through the "Green Group" the Group's impact on the environment is currently being measured so that we can develop an action plan to move towards carbon neutral.

Further information is on the website www.aquilaservicesgroup.co.uk

Corporate and social responsibility

The Group recognises that we have a responsibility to ensure the impact of our business is positive. The Group's Corporate and Social Responsibility policy can be seen on the website www.aquilaservicesgroup.co.uk.

The Group has adopted polices to ensure that in all work across the Group and its subsidiaries the impact of human rights, anti-corruption and anti-bribery matters are considered.

The following case study shows the Group's CSR work through Oaks.

Noah's Star

At the beginning of 2019, Oaks approached the Birmingham charity sector with an exciting opportunity. In line with its values and socially minded ethos, Oaks asked organisations to apply to become its charity of choice. Through this relationship Oaks would provide pro bono support to help the selected charity to generate additional resources and grow its charitable impact.

In the spring of 2019, Oaks were delighted to announce Noah's Star as its charity of choice. Noah's Star provides a safe and fun place for siblings of sick and premature babies to play, as well as reassurance to parents, enabling them to spend time with their newborn. Noah's Star also runs a sibling support group at Birmingham Women's Hospital, providing an area for children to play whilst their parents spend time with their poorly baby.

Throughout 2019 Oaks Consultancy have volunteered at Stay and Play sessions, provided £6,000 worth of in-kind business support, secured a £10,000 grant, and fundraised £1,800. The Charity Quiz Night in March at Birmingham Malmaison invited local businesses to enter teams to play for prizes, with all ticket sales donated directly to the charity, and ran a raffle. Nearly £800 was fundraised in total on the night. It also increased the charity's profile in Birmingham's professional sector.

As a result of 2019 success Oaks have extended its partnership for a further year and very much look forward to helping Noah's star with the brilliant and impactful work that it delivers. In addition to the obvious benefit, this partnership has also acted as a powerful team development tool, with all Oaks members of staff feeling that they have played their part in supporting a fantastic cause.

Highlights of the partnership to date have included:

- Oaks securing new grants for Noah's Star to grow their vital work.
- Oaks supporting Noah's Star to register with the Charity Commission for charitable status.
- Team Oaks completing the 2019 Wolf Run, raising over £1,000.
- Oaks volunteering at the Birmingham Women's Hospital and at Stay and Play groups at Revolution Gymnastics Club.
- Oaks donating a large collection of wine, chocolates and toiletries made into Christmas gifts for Noah's Star's volunteer.

Noah's Star delivering workshops on children's mental health and safeguarding adults at the Oaks office for local healthcare professionals and care workers.

Business performance and position

Altair

Altair saw a slowdown in commissioning of its governance and strategy work over the summer months due to the political uncertainty of Brexit. The impending introduction of IR35 in April 2020 also had an impact on the interim business, with clients changing the way they resourced executive vacancies, choosing to source in-house rather than through professional services firms. Our property team continued their growth trajectory, despite some larger London housing organisations scaling back on their programmes and a slowdown in the sales market very visible. We were very successful in growing our market presence supporting London local authorities' and housing associations' in-house development teams and the delivery of much needed homes. Our technical team grew in response to the need for expert advice on health and safety compliance and the difficult task of re-cladding buildings with aluminium composite materials (ACM) and other unsuitable materials. Policy and legislative changes following Grenfell continue to ensure improved safety of buildings.

Our work with for-profit providers has continued and we have grown our reputation in this market, providing advice to large funding institutions in addition to smaller providers.

Altair has continued to invest in its staff and their development and this year we commenced a graduate programme, recruiting four graduates who joined us in September 2019 to ensure we build resilience into the company.

During the year we have also invested in the growth of Altair International, our consultancy focused on supporting the delivery of affordable housing interventions in developing countries across the world. This investment had begun to lead to a significant growth in our profile and pipeline of projects. We are now delivering projects which have a real impact on affordable housing in countries across Sub-Saharan Africa and Asia and we are working with a range of stakeholders and clients including national governments, multilateral aid agencies, funders and international investors. The international environment has been significantly affected by COVID-19, with several projects being delayed or put on hold, whilst some have moved to virtual working. Travel restrictions and a reprioritisation of focus from international stakeholders imposed by Covid-19, will affect our international work in the short term. However, the demand for support in tackling the affordable housing crisis remains strong and we are well positioned to take advantage of this in the medium to long term.

ATFS

This year saw significant change for ATFS with the acquisition by the Group in Q3 of Finalysis UK Limited, a leading banking and treasury consultancy practice specialising in the education sector. This represents not only expansion and diversification of ATFS's client base and scope of services, but also brings services complementary to the wider Group client base.

Over the first three quarters of the year the main focus for clients was the potential financial risks associated with Brexit and anticipated financial market volatility. The capital market continued to exhibit substantial appetite for housing association debt transactions. Consequently, the majority of debt advisory work during the year was focused on restructuring/repositioning clients' debt portfolios to provide high levels of liquidity as a cushion against Brexit impact and to take advantage of low long-term interest rates. However, a number of clients also postponed commitments or suspended project progress pending the election outcome.

During the coming year we will complete full integration of the Finalysis brand into ATFS and develop the service offer across the Group's education and housing client portfolios.

Oaks

Oaks joined the Group in June 2019 and has added strength across sectors where we had little or no presence. The Group has already reaped the benefits, with services that Oaks offer into the education and sports sector being commissioned in the housing sector and we will build on this in the coming year. During the year under review, Oaks significantly expanded its European presence through its appointment as a UEFA consultant. This work stimulated strategic planning projects within eight national football federations.

Over the same period, Oaks further expanded its international credentials through its work with Magic Bus, one of India's largest sport for development charities. In education, Oaks maintained a strong market position however it saw a marginal and temporary decrease in new contract conversions in quarter 3 and 4, primarily caused by a new Ofsted regime.

Strategic Report (continued)

Key performance indicators

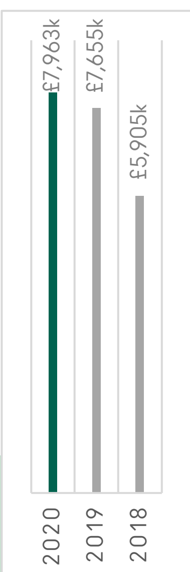
The Group tracks its progress against its strategy by monitoring its key performance indicators (KPIs) regularly. These are set out below:

Revenue

£7,963k

The measure
Revenue growth is the increase/decrease in revenue year-on-year.

The target
To deliver growth in revenue from expansion both geographically and by business stream.

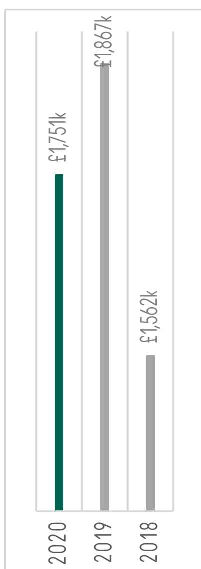


Gross profit

£1,752k

The measure
Gross profit growth is the increase/decrease in gross profit year-on-year.

The target
To deliver growth in profit across all parts of the Group.

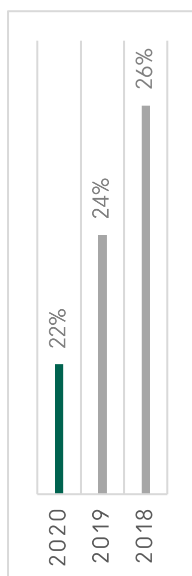


Gross profit margin

22%

The measure
Gross profit margin growth is the increase/decrease in margin year-on-year.

The target
To maintain strong gross profit margins.



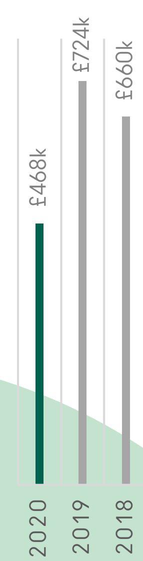
Underlying operating profit

£468k

The measure
The increase/decrease in underlying profit year on year.

The target
To deliver sustainable growth in underlaying operating profit.

Underlying operating profit excludes costs and charges relating to restructuring, acquisition and share options.



Statutory profit after tax

£126k

The measure
The increase/decrease in reported profit year-on-year.

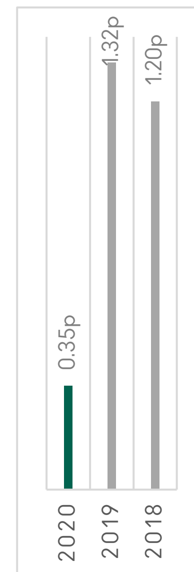
The target
To deliver sustainable long term growth in profit after tax.

Earnings per share

0.35p

The measure
The increase/decrease in EPS year on year.

The target
To deliver long term growth in EPS to enhance Shareholder value.

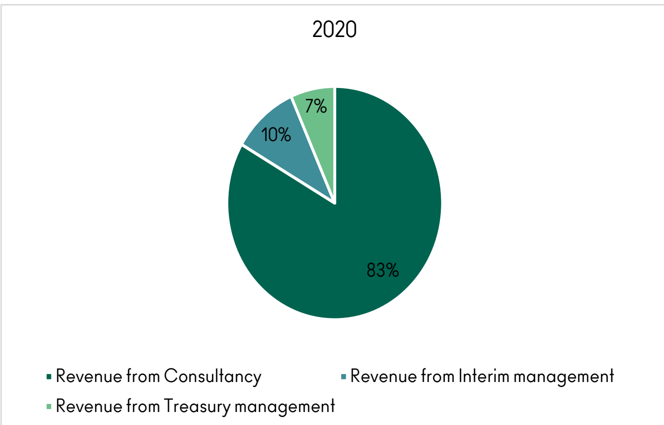


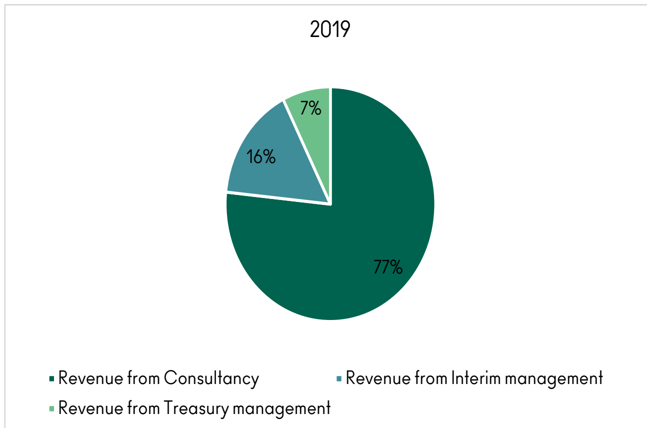
Underlying profit is shown as profit before share options charges, redundancy costs and costs of reorganisation. The Group uses this as a performance measure of "operational profits" providing a clearer measure year on year without the distortion of unusual items.

	31 March 2020	31 March 2019	31 March 2018
	£000s	£000s	£000s
Underlying operating profit	468	724	660
Share option charge	(105)	(117)	(135)
Restructuring costs relating to COVID-19	(186)	-	-
Acquisition costs	(51)	-	-
Operating profit	126	607	525

Strategic Report (continued)

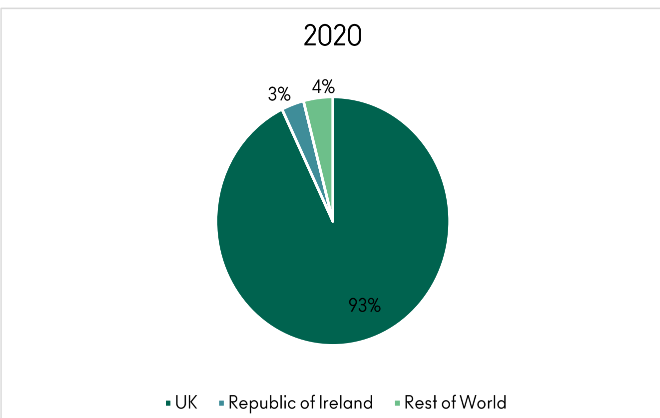
Turnover is split accross the different services as shown below.
The measure:
To track how income across the Group is generated

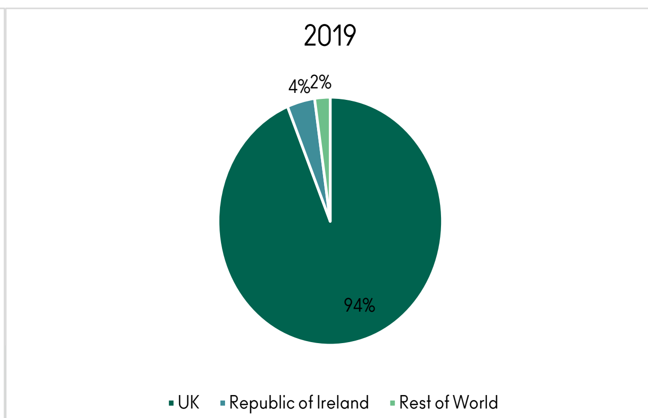




Geographic spread of income

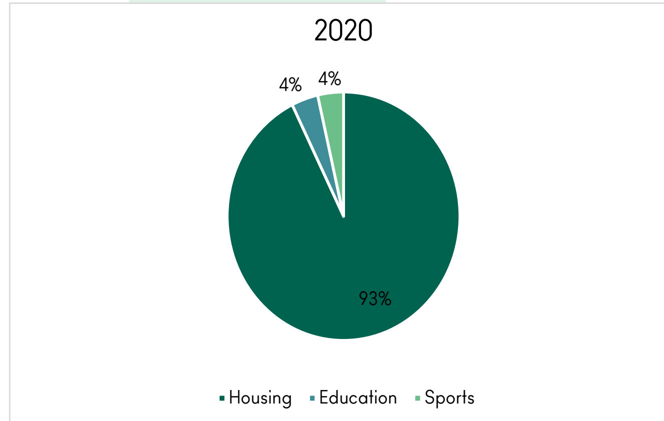
The measure:
To track where income across the Group is generated
The target:
To increase income from international markets

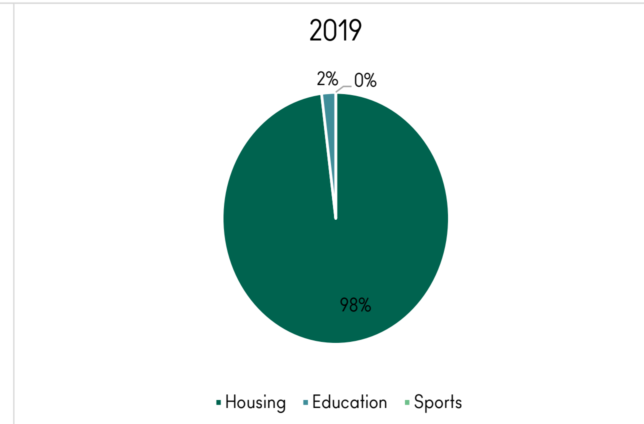




Spread of income by sector

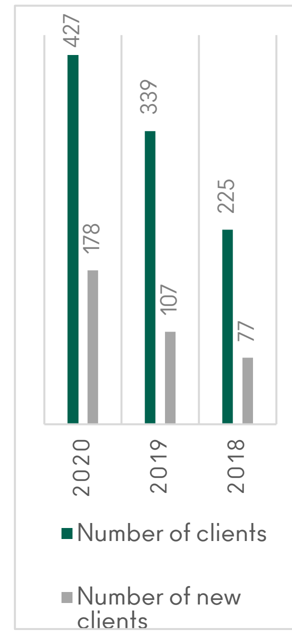
The measure:
To track income across the Group by sector
The target:
To increase market share in other sectors





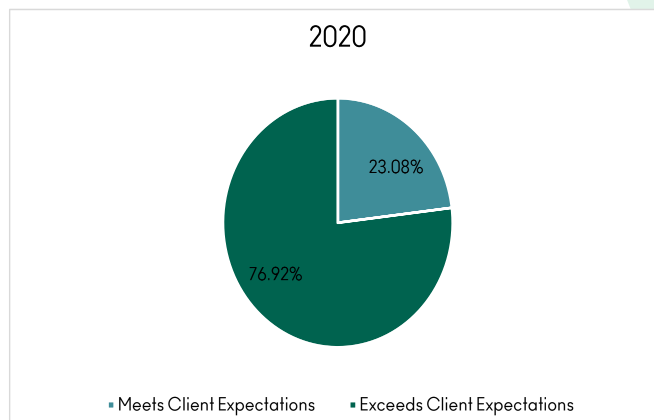
Client numbers across the Group

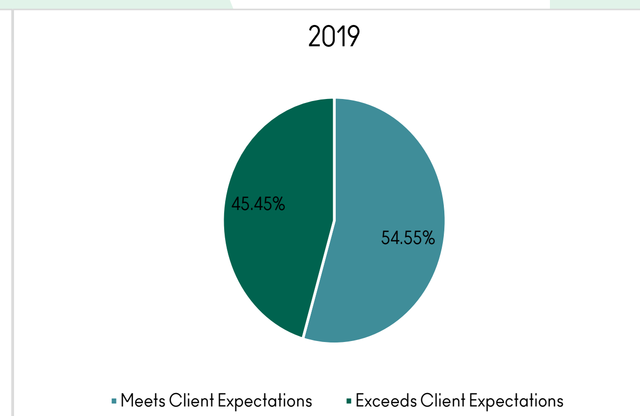
427
The measure:
Increased client numbers year on year
The target:
To increase the number of clients that the Group deliver services to



Client satisfaction

The measure:
To ensure all customers are satisfied with the services delivered across the Group
The target:
To exceed client expectation in delivery of services

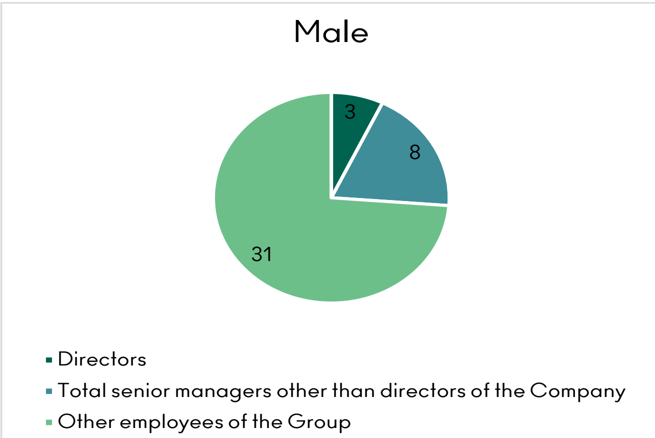


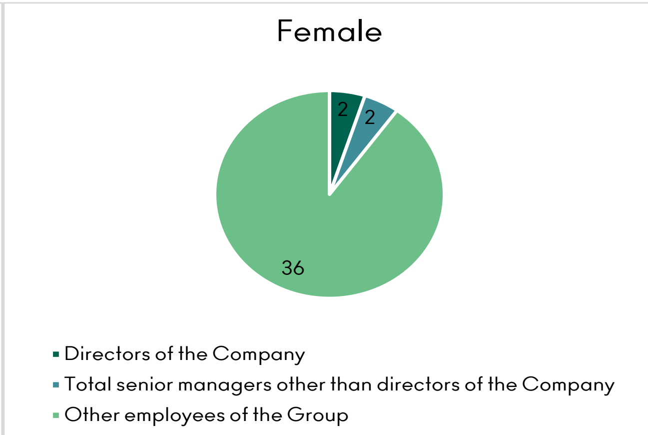


Strategic Report (continued)

Employees

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





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

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

Going concern basis

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

When COVID-19 struck the main focus was on the following:

1. The ability to complete existing contracts due to travel restrictions
2. Clients not commissioning new contracts
3. Some parts of the organisation not having sufficient work because of the short-term nature of contracts
4. Monitoring of sales invoices and control of debtors
5. Working capital requirements

The Group implemented a revised plan towards the middle of March, which involved reviewing current client contracts, committed income, pipeline opportunities and costs.

The budgets were flexed and stress tested to ensure their viability, variable costs were reduced in line with a reduction in income.

The majority of employees across the Group were already used to working from home with their own laptops. At the beginning of the financial year the Group switched to Office 365 which makes remote working easier as all files are stored on a SharePoint site. The IT remains strong and support is continuously monitored to ensure continuation of services.

Based on the results of these analyses, action taken during March and April, continuous monitoring of the sales invoices, cash generation and cash balances, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due in the next twelve months and over the three-year period of their assessment; thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dr Fiona Underwood
Executive Director
2 July 2020

Directors' Report

The directors present their report and consolidated financial statements for the year ended 31 March 2020.

Aquila Services Group plc is incorporated as a public limited company and is registered in England and Wales with the registered number 08988813. Details of the Company's issued share capital, together with the details of the movements during the year are shown in note 18. The Company has one class Ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. Details of employee share schemes are set out in note 21.

The Board's assessment of the performance of the Group, its future developments and the principal risks and uncertainties affecting the group, together with the mitigating factors, are presented in the Strategic report on pages 6 to 16.

Principal activities

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

Results

The results for the Group for the year ended 31 March 2020 are set out from page 35.

Dividend

Due to the current economic climate and the requirement for the business to retain and maintain cash reserves the directors do not propose a final dividend for the year end. The total dividend for the year was 0.30p (paid as an interim dividend in December) compared to a final dividend of 0.89p in 2019.

Directors

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

Derek Joseph	Executive Chair	
Steven Douglas	Group Chief Executive	Resigned 7 April 2020
Fiona Underwood	Executive Director	
Claire Banks	Group Finance Director and Company Secretary	Appointed 24 July 2019
Susan Kane	Group Finance Director	Resigned 24 July 2019
Richard Wollenburg	Non-Executive Director	

Substantial shareholdings

As at 31 March 2020, the Company was aware of the following notifiable interests in its voting rights:

	Number of Ordinary shares	**Percentage of voting rights**	**Nature of holding**
Richard Wollenburg*	3,808,406	10.04%	Direct
Susan Kane	3,279,440	8.64%	Direct
Fiona Underwood	3,279,440	8.64%	Direct
Chris Wood	3,279,440	8.64%	Direct
Steven Douglas	3,144,305	8.29%	Direct
Derek Joseph	3,005,538	7.92%	Direct
Jeffrey Zitron	2,798,403	7.37%	Direct
Matt Carroll	1,307,229	3.44%	Direct
Hannah Breitschadel	1,307,229	3.44%	Direct
Mark Walker	1,296,239	3.42%	Direct
Adam Walker	1,248,176	3.29%	Direct

*Includes shares held by immediate family members of Richard Wollenberg

The Company is not aware of any changes to the above holdings between 31 March 2020 and the date of this report.

Directors' Report (continued)

Corporate Governance Statement
The Directors' Report incorporates the Corporate Governance Statement set out on pages 19 to 21.

Powers of directors
Subject to the Company's Articles of Association, UK legislation and any directions given by special resolution, the business of the Company is managed by the board of directors. Details of the matters reserved for the board can be found in the Corporate Governance Statement on pages **19 to 21**.

Post balance sheet events
Post balance sheet events are disclosed in note 25.

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

Data protection
The Group / Company is compliant with the Data Protection Act 1998 and the General Data Protection Regulation (Regulation (EU)2016/679).

The updated policies are available on http://aquilaservicesgroup.co.uk.

Greenhouse gas emissions
The Group / Company has, as yet, minimal greenhouse gas emissions to report from the operations of the Company and its subsidiaries and does not have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. Therefore the Group has not published a GHG Emissions Statement.

Auditor
Crowe UK LLP appointed as auditors on 12 March 2019 have expressed their willingness to remain in office as auditor and, in accordance with section 489 of the Companies Act 2006, a resolution that Crowe UK LLP be re-appointed will be proposed at the Annual General Meeting.

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

Dr Fiona Underwood – Executive Director
By order of the Board
2 July 2020

Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report and follows the FRC UK Corporate Governance Code 2018 ("the code"). A copy of the code is available from the FRC website at www.frc.org.uk

The Group Board is committed to maintaining appropriate standards of corporate governance. The statement below, together with the report on directors' remuneration on pages **22 to 28**, explains how the company has observed principles set out in The Code as relevant to the company and contains the information required by section 7 of the of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

A copy of the Company's Corporate Governance Code is available on the Company's website www.aquilaservicesgroup.co.uk

In compliance with S172 of Companies Act 2006, the Board recognises the importance of engagement with its stakeholders and the link this has to the long-term success of the Group. Through the discussions, presentations and reviews held at the board meetings throughout the year, the Board is able to ensure that the Group maintains an effective working relationship with a wide range of stakeholders as well as its shareholders. Updates from directors of the subsidiaries and senior leaders across the Group provide the Board with a greater understanding of the operation of the Group.

Following the Group's commitment to improving corporate governance across the Group since the balance sheet date the Group has reviewed the structure and composition of the boards. At the date of the report the composition of the boards can be seen on page 2.

The Group commits to engage with employees and create further employee led groups.

The structure of the board and committees and their respective responsibilities are shown below.

Board Governance framework
At the date of this report the Board comprises (Chairman, two Executive Directors and one Non-Executive Director).

The Group Board has primary responsibility for:

- Providing leadership for the Group
- Overseeing the overall strategic development of the Group and approving the strategy to achieve the Group's strategic aims
- Setting the Group's values and standards
- Ensuring effective governance and risk management and that the Group's businesses act ethically and that obligations to Shareholders are understood and met
- Delegates the management of the day-to-day operation of the business to the subsidiary boards
- The Group board met sixteen times during the year

Matters reserved to the Board
The Board has adopted a formal schedule of matters specifically reserved to it for decision-making. A full schedule of matters reserved for the Board's decision along with the Terms of Reference of the Board's principal committees can be found on the Company's website at www.aquilaservicesgroup.co.uk

Audit Committee
The primary responsibilities of the Audit Committee are:

- To monitor the financial reporting for the annual and half-yearly reports, challenging where necessary to ensure appropriate accounting standards have been met;
- Review the internal controls and risk management systems;
- Review the compliance, whistleblowing and fraud polices for the organisation;
- Make recommendations to the Board and shareholders in relation to the appointment, reappointment and removal of the external auditors; and
- Meet regularly with the external auditor, review and approve the annual audit plan and review the findings of the audit with the external auditor.
- The Audit Committee met twice in the year.
- Members are: Derek Joseph, Richard Wollenberg and Fiona Underwood.

Corporate Governance Statement (continued)

Remuneration Committee
The primary responsibilities of the Remuneration Committee are:

- Setting the remuneration policy for executive and non-executive directors, including pension and compensation payments. No-one can be involved in their own remuneration process;
- Recommending and monitoring the level and structure of senior management remuneration;
- Reviewing the ongoing relevance of remuneration policy;
- Approving and determining targets for any performance-based pay schemes;
- Ensuring contractual terms of termination are fair; and
- Overseeing any major change in employee benefits.
- The Remuneration Committee met three times during the year.
- Members are: Derek Joseph, Richard Wollenberg.
- The report of the Remuneration Committee is set out on pages 22 to 28 of this report.

Nominations Committee
The primary responsibilities of the nominations Committee are:
- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board;
- Consider succession planning for directors and other senior executives;
- Keep under review the leadership needs of the organisation, both executive and non-executive;
- Identifying and nominating, for the approval of the board, candidates to fill the board vacancies as and when they arise;
- Evaluate the balance of skills, knowledge, experience and diversity on the board before any appointment is made by the board, and, in the light of this, prepare a description of the role and capabilities required for a particular appointment.
- The Nominations Committee, in conjunction with Board meetings, met several times during the financial year.
- Members are: Derek Joseph, and Richard Wollenberg

Subsidiary Boards
The key responsibilities of the subsidiary boards are:
- Responsible for the day-to- day management of the relevant Subsidiary
- Oversee the development and implementation of the Group's strategy
- Implementation of Group policies
- Monitor risks and ensure mitigation strategies are in place
- Monitor financial and operational performance of the relevant subsidiary and other specific matters delegated to them by the Group Board

Green Group
The 'Green Group' has been created as an employee led group, with representation from across Aquila. It has responsibility for driving Aquila's approach to become a carbon neutral and climate conscious organisation.

Attendance at Boards

Director	Board	Audit Committee	Remuneration Committee	Nominations Committee
Total number of meetings	16	2	3	3
Derek Joseph	14	2	3	3
Richard Wollenberg	11	2	3	3
Steve Douglas	15	-	-	-
Fiona Underwood	16	2	-	-
Susan Kane*	5	-	-	-
Claire Banks**	12	-	-	-

*Resigned 24 July 2019 **Appointed 24 July 2019

Board directors
Due to the impact of Covid-19 and the subsequent departure of Steve Douglas, Group CEO, on 7 April 2020 Derek Joseph has taken on the role of executive chair. The Board agreed not to replace the Group CEO at this time due to the current economic climate but will review the position including the overall composition of the board in the second half of the financial year.

As the Group's independent non-executive director, Richard Wollenberg acts as a sounding board for the chair and as an intermediary to other directors and shareholders.

Derek Joseph continues to assist the Group in developing the international business and is remunerated for these consultancy services. In the year to 31st March 2020, these totalled £24k. (2019: £53k).

Derek Joseph is a director of AssetCore. Both Derek and Richard Wollenberg are shareholders of AssetCore, of which the Group has an 6% shareholding.

Claire Banks is a board member of 3C, an associate company of the Group.

The Board meets regularly with senior staff throughout the year to discuss areas of operational performance, trading outlook and growth opportunities. This replaces the requirements within The Code which requires a director appointed from the workforce or a formal advisory workforce advisory panel.

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

Composition, succession and evaluation
The work of board composition and succession is undertaken by the nominations committee.

The succession plan for the replacement of the Group Finance Director successfully took place during the year ended 31 March 2020. The Board intends to make non-executive Group Board appointments in the second half of the financial year.

During the year ended 31 March 2020, the Board did not undertake a board evaluation.

Audit risk and internal control
The Audit Committee, which is chaired by Richard Wollenberg, comprises the executive chair, non-executive director and executive director. The Board is satisfied that Richard Wollenberg has recent and relevant financial experience to guide the committee in its deliberations and that Derek Joseph and Fiona Underwood have the relevant sector experience.

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

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

Internal financial controls have been established to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use. Key financial controls include:
- the maintenance of proper records;
- a schedule of matters reserved for the approval of the Board; and
- evaluation, approval procedures and risk assessment for acquisitions.

The Board has considered the size of the Group and the close involvement of executive directors in the day-to-day operations and deems the internal audit function unnecessary. The Board will continue to monitor this situation.

The Group's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provision of laws and regulations central to the FCA.

Directors' Remuneration Report

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

The report is split into three main areas:
- Statement from the Chair
- Annual Report on Remuneration
- Policy Report.

The Remuneration Committee is chaired by Richard Wollenberg (non-executive) and comprises Richard Wollenberg and Derek Joseph (executive chair).

Statement of implementation of remuneration policy in the following year
The Remuneration Committee proposes to amend the remuneration policy that was approved by the shareholders at the 2018 annual general meeting. The changes to the policy are detailed in the table on page 27.

Statement from the Chair
I am pleased to present the Annual Report on Remuneration for the year ended 31 March 2020.

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

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

The Remuneration Committee met three times during the year to discuss the executive directors' remuneration, including bonus and share option awards. The directors reviewed the remuneration policy and agreed that further changes were required.

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

Richard Wollenberg
Chair of the Remuneration Committee
2 July 2020

The information provided on pages 23 to 25 of the Directors' Remuneration Report is subject to audit.

Annual report on remuneration
The directors followed the remuneration policy agreed at the AGM in 2018. The original version of the policy is set out in the 2019 annual report and is available on the website (www.aquilaservicesgroup.co.uk).

Director changes
Claire Banks was appointed Group Finance Director on 24 July 2019 with Susan Kane stepping down from the board.

Executive directors' remuneration payable as a single figure (2020)

	Salary and fees	Benefits *	Annual bonuses	Pension	Total
	2020	2020	2020	2020	2020
	£	£	£	£	£
Steven Douglas	145,000	1,200	-	8,700	154,900
Fiona Underwood	145,000	1,367	-	8,700	155,067
Susan Kane	14,000	438	-	-	14,438
Claire Banks	60,000	774	13,500	4,410	78,684
Total	364,000	3,779	13,500	21,810	403,089

*Benefits include private medical insurance

Executive directors' remuneration payable as a single figure (2019)

	Salary and fees	Benefits *	Annual bonuses	LTIP**	Pension	Total
	£	£	£	£	£	£
Steven Douglas	140,000	1,050	22,400	16,000	8,400	187,850
Fiona Underwood	140,000	1,232	22,400	16,000	8,400	188,032
Susan Kane	42,000	1,232	6,720	-	-	49,982
	322,000	3,514	51,520	32,000	16,800	425,864

*Benefits include private medical insurance

** Base on 50,000 shares at a market price of 32p

Non-executive directors' remuneration payable as a single figure (2020)

	Salary and fees	Benefits	Annual bonuses	LTIP	Pension	Total
	£	£	£	£		£
Derek Joseph**	34,153	-	-	-		34,153
Richard Wollenberg	4,000	-	-	-		4,000
Total	38,153	-	-	-		38,153

Directors' Remuneration Report (continued)

Non-executive directors' remuneration payable as a single figure (2019)

	Salary and fees	Benefits	Annual bonuses	LTIP	Pension	Total
	£	£	£	£	£	£
Derek Joseph**	62,756	-	-	-		62,756
Richard Wollenberg	4,000	-	-	-		4,000
Jeffrey Zitron***	3,332	-	-	-		3,332
	70,088	-	-	-		70,088

**Included within the fees for Derek Joseph are £24,153k (2019: £52,756) of consultancy fees.

*** Jeffrey Zitron resigned 30 January 2019

Service contracts of executive directors

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

Payments to past directors

In the year ended 31 March 2020, there were no payments to past directors.

Payments for loss of office

No payments were made to directors for loss of office in the year ended 31 March 2020.

Executive Incentive Scheme

The scheme, which is discretionary for executive group board directors, is dependent on the performance t[illegible] year, as set out in the remuneration policy. The scheme comprises two elements:

1. An unconsolidated bonus award of up to 30% of basic salary, this is made up pf a personal target of [illegible] on Group profit targets, and

2. A share option award of up to £100,000 (based on the mid-market share price on the date th[illegible] which forms part of the long-term incentive plan (LTIP) of the scheme.

2019-20 award

Remuneration comittee assessed the performance of the group executive directors against the [illegible]s decision is shown below.

	Target Performance[1]	Actual Performance	Maximum Possible award	2019/20 Unconsolidated bonus award - Executive Directors (excluding Group Finance Director)	2019/2020 Unconsolidated personal bonus award - Group Finance Director
Cash based award	£796k	£469k	£43,500	£Nil	£13,500
Share option award	£796k	£469k	£100,000 share options	£Nil	£Nil

1 2018-19 Profit before tax and excluding share option charge plus 10%

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

The bonus award for the Group Finance Director for the year ended 31 March 2020 was based on achieving a personal target and is awarded at 15% of salary. The targets were non-financial due to the promotion to Group Finance Director part-way through the year. The maximum award achievable was £27,000.

Statement of directors' shareholding and share interest

The total number of directors' interests in shares and the total number of share options in relation to each director with and without performance measures, those vested but unexercised, and those exercised, is set out below:

Share Options

	Number of shares	With performance measures	Without performance measures[1]	Vested but unexercised[2]	Exercised during the year
Richard Wollenberg[3]	3,808,406	-	-	515,000	-
Steven Douglas	3,144,305	50,000	100,000	615,050	-
Susan Kane	3,279,440	-	100,000	615,050	-
Fiona Underwood	3,279,440	50,000	100,000	615,050	-
Derek Joseph	3,005,538	-	-	309,000	-
Claire Banks	48,315	-	-	-	-

The information provided on pages 26 to 28 of the Directors' Remuneration Report is not subject to audit.

Remuneration of Chief Executive Officer for the year ended 31 March 2020

	Total Remuneration	Annual bonuses	Shares receivable	Total	Total Remuneration Percentage increase
	£	£	£	£	£
Steven Douglas	145,000	-	-	145,000	Nil

This compares to the total percentage increase from 2019 to 2020 for all staff within the Group of 2%.

Relative importance of spend on pay

A comparison of shareholder distributions and total employee expenditure of the Group is set out below for the years ended 31 March 2019 and 31 March 2020.

	2020	2019	Change
	£'000	£'000	%
All employee remuneration	5,351	4,270	25%
Total dividend per share	0.30p	0.891p	(66%)
Distributions to shareholders	106	314	(66%)

1 Are part of a total of 1,713,772 Ordinary Shares at £0.05 per share which were issued as "Rollover Options" and are exercisable in tranches from 1 April 2016 with expiry dates between 31 March 2023 and 31 March 2025. For each director, 275,050 of these share options are vested.
2 These unapproved Options may be exercised at any time up to 20 July 2020.
3 Includes shares held by immediate family members of Richard Wollenberg.

Directors’ Remuneration Report (continued)

Gender pay gap report

The Group is not required by law to report on its gender pay figure but recognises the importance of openness and transparency; future information will be available for review on the Group’s website.

Employees

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

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

Consideration by the directors of matters relating to directors’ remuneration

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

Shareholder voting at the last general meeting

The Group is committed to on-going shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to directors’ remuneration, the reasons for any such vote will be sought, and any actions in response will be detailed here.

The Directors’ Remuneration Report for the year ended 31 March 2019 was approved by shareholders at the Annual General Meeting held on 24 July 2019. The Directors’ Remuneration Policy was last approved by shareholders at the Annual General Meeting held on 31 July 2018.

Directors’ remuneration report (2019 Annual General Meeting)	% of votes cast
For	91%
Against	0%
Abstention	9%
Total votes cast	100%

Directors’ remuneration policy (2017 Annual General Meeting)	% of votes cast
For	100%
Against	0%
Total votes cast	100%

Policy report

Implementation of remuneration policy in the following year

Due to the expansion of the Group and a change of Group board directors, the remuneration committee intend to update the remuneration policy to be approved at the AGM on 29 July 2020 for implementation for the year ended 31 March 2021. The proposed changes are set out below.

Future policy table

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

	Summary of approach	Performance criteria	Change from previous policy
Salary	To provide competitive fixed elements of reward. Salaries are reviewed annually or when an individual changes position or responsibility.	Assessment of personal and corporate performance.	None
Benefits	To provide a range of cost-effective benefits which are in-line with the market. Benefits include: • Private Medical Insurance • Permanent Health Insurance • Life Insurance	None	None
Pensions	Pension benefits are provided through a Group personal pension plan at 6% of salaries.	None	None
Annual bonus	To incentivise and reward for achievement of in-year objectives linked to the performance of the individual and the Group up to 30% of their annual salary.	Up to 10% based on personal objectives as agreed by the remuneration committee. An additional 20% based on the performance of the Group.	10% of bonus is based on personal performance with a further 20% based on Group profits. Bonus payments are at the discretion of the remuneration committee. The minimum award will be nil and the maximum award will be at 30% of salary.
Share options	Awards of share options are made subject to an annual profit performance period. The maximum award is 30% of annual salary.	Share options are awarded for Group performance in excess of 5% year on year and are at the discretion of the remuneration committee.	The performance criteria for the awarding of share options will be based on Group performance in excess of 5% year on year and are at the discretion of the remuneration committee. The maximum award is reduced from £100k per executive director to a maximum of 30% of salary.

Approach to recruitment remuneration

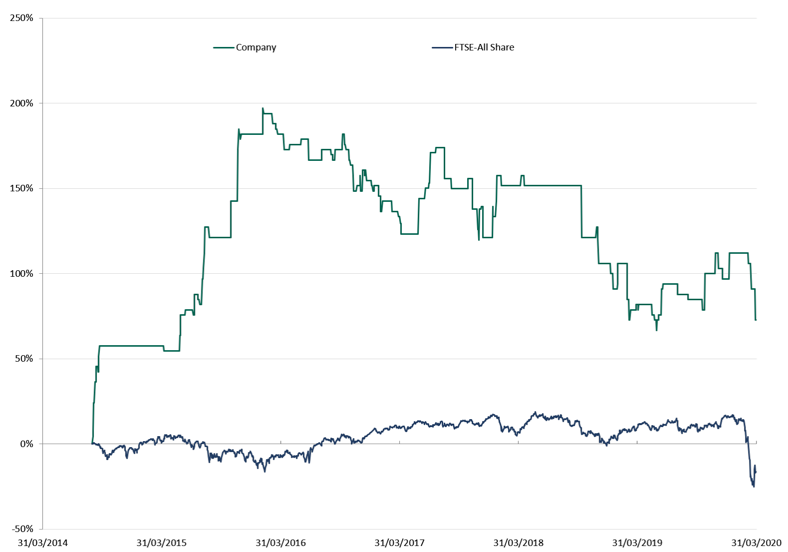
The committee’s approach to recruitment is to offer a market competitive remuneration package sufficient to attract high calibre candidates who are appropriate to the role but without paying any more than is necessary.

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

Directors' Remuneration Report (continued)

Performance graph of total shareholder return

The following graph shows the Company's performance since flotation, measured by total shareholder return, compared with the performance of the FTSE All Share Index also measured by total shareholder return. Aquila operates in a niche sector with very few comparisons and as such the directors believe that the FTSE All Share Index provides the best measure on which to assess the directors performance.



Data source: London Stock Exchange

Policy on payment for loss of office

Payments for loss of office would be determined by the remuneration committee taking into account contractual obligations. The contractual obligations relate only to payments in lieu of notice.

Statement of consideration of employment conditions elsewhere in the Group

The committee has not consulted with its employees on executive pay but is aware of the pay and employment benefits across the wider Group. The personal performance element of the annual bonus for executive directors has been aligned with that of other subsidiaries across the Group. At the discretion of the remuneration committee share options may be awarded to employees across the Group for exceptional performance.

Statement of consideration of shareholder views

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

Richard Wollenberg
Chair of the Remuneration Committee
2 July 2020

Statement of Directors' Responsibilities

The directors (whose names and functions are set out on page 17) are responsible for preparing this report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

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

We confirm that to the best of our knowledge:

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

Claire Banks
Group Finance Director
On behalf of the Board
2 July 2020

Independent Auditors' Report to the Members

Opinion

We have audited the financial statements of Aquila Services Group plc (the "Company") and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

• the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2020 and of the group's profit for the year then ended;

• the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;

• the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

Conclusions relating to going concern

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

• the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

Overview of our audit approach materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £50,000 (2019 £75,000), assessed initially with reference to profit before tax and having regard to underlying operating profit. Last year materiality was based on a percentage of revenue.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £2,000 (2019: £4,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

We audit the Parent Company and some of its wholly owned subsidiaries. Our audit approach was developed by obtaining an understanding of the Group's activities, the key functions undertaken on behalf of the Board by management and the overall control environment. Based on this understanding we assessed those aspects of the Group and subsidiary companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

Extent to which the audit is capable of detecting irregularities, including fraud

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations – this responsibility lies with the board of directors.

Based on our understanding of the Group and industry, discussions with management and the Audit Committee we identified financial reporting standards and the Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements.

Other laws and regulations where non-compliance may have a material effect on the Group's operations are the FCA registration for one of the subsidiary companies and the FCA's listing rules for the parent company.

As part of our consideration of how and where the Group's financial statements may be materially misstated due to fraud, we did not rebut the presumption within auditing standards that there is a significant risk of material misstatement in revenue through fraud.

Our audit procedures included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the minutes of meetings of the board of directors and the Audit Committee;
- enquiry of management about litigations and claims and inspection of relevant correspondence;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions, in particular in the treatment of acquisitions and the carrying value of goodwill which are included in the Key Audit Matters;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases including impairment reviews which is included in the Key Audit Matters.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.
This is not a complete list of all risks identified by our audit.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Independent Auditors' Report to the Members (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition The revenue recognised in the financial statements may be understated and not recognised in accordance with the relevant accounting standard and the Group's accounting policy.	We reviewed the compliance of accounting policy, along with the disclosures made in the financial statements, and considered whether these were in accordance with the requirements of IFRS 15. Our work also included: • testing a sample of transactions in the year to ensure they were recorded accurately; • testing to ensure that revenue was recognised in the appropriate accounting period; and • reviewing the estimates and judgements in respect of contract assets and contract liabilities to ensure they were reasonable and applied consistently.
Accounting for acquisitions The allocation between goodwill and other intangible assets may not be appropriate.	We challenged management's assessment of the assets acquired in the acquisitions in the year including whether or not any intangible assets had been acquired separate to goodwill.
Carrying value of goodwill Goodwill on consolidation or arising on the historical purchase of the trade and assets of another entity may be impaired.	We reviewed management's assessment of the basis for the recognition and carrying value of goodwill with particular focus on current performance, key assumptions used and the integrity of the underlying valuation model. Using management's model, we applied sensitivities and alternative assumptions and compared the results to those from management.
Carrying value of investments in subsidiaries and associates Investments in subsidiaries and associates may be impaired.	We obtained management's view of whether there were any indications of impairment. We assessed the Performance of the subsidiaries and associates to determine whether we believed any impairment was necessary.
Going concern The impact of the Covid-19 pandemic poses a significant risk to going concern. Due to the evolving nature of the issue, this raises uncertainties on the Group's ability to continue to operate as going concern.	We obtained and reviewed management's paper setting out the going concern assessment. We obtained supporting cashflow forecasts and associated budgets so we could corroborate management's assessment. In particular, we have reviewed and challenged management on the following: • the key assertions and assumptions used; • sensitively analysis; • capital commitments and other financial obligations; and • action plans for the group in response to Covid-19. We have also reviewed and considered whether disclosures are adequately made within the financial statements.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

• adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

• the Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

• certain disclosures of directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the 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

Independent Auditors' Report to the Members (continued)

a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board on 21 March 2019 to audit the financial statements for the period ending 31 March 2020. Our total uninterrupted period of engagement is less than two years, covering the years ending 31 March 2019 and 31 March 2020.

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

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

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 so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Steve Gale (Senior Statutory Auditor)
For and on behalf of
Crowe UK LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

2 July 2020

Consolidated Statement of Comprehensive Income for the year ended 31 March 2020

	Notes	**2020**	2019
		£'000s	£'000s
Revenue	4	7,963	7,655
Cost of sales	5	(6,211)	(5,788)
Gross profit		1,752	1,867
Administrative expenses	5	(1,626)	(1,260)
Operating profit		126	607
Finance income	4	1	2
Release of contingent consideration	10	555	-
Impairment of goodwill	10	(555)	-
Share of profits from associate	13	51	-
Profit before taxation	6	178	609
Income tax expense	8	(52)	(143)
Profit for the year		126	466
Other comprehensive income		-	-
Total comprehensive income for the year		126	466
Earnings per share attributable to owners of the parent			
Basic	9	0.35p	1.32p
Diluted	9	0.32p	1.15p

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

Consolidated Statement of Financial Position as at 31 March 2020

	Notes	Group 2020 £'000s	Group 2019 £'000s
Non-current assets			
Goodwill	10	3,317	2,028
Property, plant and equipment	11	518	72
Investment in associates	13	278	227
Investments	14	121	121
		4,234	2,448
Current assets			
Trade and other receivables	15	2,387	2,193
Cash and bank balances		828	1,719
		3,215	3,912
Current liabilities			
Trade and other payables	16	1,683	1,595
Lease liabilities	16	79	-
Corporation tax		76	162
		1,838	1,757
Net current assets		1,377	2,155
Non-current lease liabilities	17	369	-
Net assets		5,242	4,603
Equity			
Share capital	18	1,897	1,765
Share premium account	18	1,475	1,487
Merger reserve	18	3,042	2,413
Share-based payment reserve	21	769	668
Retained (losses) / earnings		(1,941)	(1,730)
Equity attributable to the owners of the parent		5,242	4,603

The financial statements were approved by the board on 2 July 2020.

Claire Banks - Group Finance Director

Company Statement of Financial Position as at 31 March 2020

	Notes	Company 2020 £'000s	Company 2019 £'000s
Non-current assets			
Property, plant and equipment	11	16	37
Investment in subsidiaries	12	4,212	2,818
Investment in associates	13	227	227
Investments	14	121	121
		4,576	3,203
Current assets			
Trade and other receivables	15	708	1,084
Cash and bank balances		13	334
		721	1,418
Current liabilities			
Trade and other payables	16	635	672
		635	672
Net current (liabilities)/assets		86	746
Net assets		4,662	3,949
Equity			
Share capital	18	1,897	1,765
Share premium account	18	2,104	1,487
Share-based payment reserve	21	769	668
Retained (losses) / earnings		(108)	29
Equity attributable to the owners of the parent		4,662	3,949

As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £200k (2019: £165k).

The financial statements were approved by the board on 2 July 2020.

Claire Banks – Group Finance Director

Company Registration No. 08988813

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

	Share capital £'000s	Share premium account £'000s	Merger reserve £'000s	Share based payment reserve £'000s	Retained losses £'000s	Total equity £'000s
Balance at 1 April 2018	1,763	1,487	2,413	558	(1,907)	4,314
Issue of shares	2	-	-	-	-	2
Transfer on exercise of options	-	-	-	(7)	7	-
Total comprehensive income	-	-	-	-	466	466
Share based payment charge	-	-	-	117	-	117
Dividend	-	-	-		(296)	(296)
Balance at 31 March 2019	**1,765**	**1,487**	**2,413**	**668**	**(1,730)**	**4,603**
Balance at 1 April 2019	**1,765**	**1,487**	**2,413**	**668**	**(1,730)**	**4,603**
Issue of shares	132	(12)	629			760
Transfer on exercise of options				(4)	4	-
Total comprehensive income					126	126
Share based payment charge				105		105
Dividend					(341)	(341)
Balance at 31 March 2020	**1,897**	**1,475**	**3,042**	**769**	**(1,941)**	**5,242**

Company Statement of Changes in Equity for the year ended 31 March 2020

	Share capital £'000s	Share premium account £'000s	Share based payment reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 1 April 2018	1,763	1,487	558	153	3,961
Issue of shares	2	-	-	-	2
Total comprehensive income	-	-	-	165	165
Transfer on exercise of options			(7)	7	-
Share based payment charge	-	-	117	-	117
Dividend	-	-	-	(296)	(296)
Balance at 31 March 2019	**1,765**	**1,487**	**668**	**29**	**3,949**
Balance at 1 April 2019	**1,765**	**1,487**	**668**	**29**	**3,949**
Issue of shares	132	617			749
Total comprehensive income				200	200
Transfer on exercise of options			(4)	4	-
Share based payment charge			105		105
Dividend				(341)	(341)
Balance at 31 March 2020	**1,897**	**2,104**	**769**	**(108)**	**4,662**

Consolidated Statement of Cash Flow for the year ended 31 March 2020

	2020 £'000s	2019 £'000s
Cash flows from operating activities		
Profit for the year	126	466
Interest received	(1)	(2)
Income tax expense	52	143
Share based payment charge	105	117
Profit from associate	(51)	-
Release of contingent consideration	(555)	-
Impairment of goodwill	555	-
Depreciation	134	52
Operating cash flows before movement in working capital	365	776
Decrease/(Increase) in trade and other receivables	122	(84)
(Decrease)/Increase in trade and other payables	(257)	566
Cash generated by operations	230	1,258
Income taxes paid	(139)	(123)
Net cash inflow from operating activities	121	1,135
Cash flows from investing activities		
Interest received	1	2
Purchase of property, plant and equipment	(32)	(28)
Purchase of subsidiary	(544)	-
Acquisition of investment in an associate	-	(66)
Net cash outflow from investing activities	(575)	(92)
Cash flows from financing activities		
Lease liability payments	(66)	-
Proceeds of share issue	-	2
Dividends paid	(341)	(296)
Net cash outflow from financing activities	(407)	(294)
Net (decrease) / increase in cash and cash equivalents	(891)	749
Cash and cash equivalents at beginning of the year	1,719	970
Cash and cash equivalents at end of the year	828	1,719

Other than the inclusion of lease liabilities on adoption of IFRS 16 all changes in liabilities arising from financing arose from cash flows.

Consolidated Statement of Cash Flow for the year ended 31 March 2020

Notes to the consolidated statement of cashflows

Net assets acquired on acquisitions	Oaks £'000	Finalysis £'000	Total £'000
Tangible non-current assets	34	-	34
Trade and other receivables	315	71	386
Cash at bank	-	5	5
Trade and other payables	(348)	(27)	(375)
Goodwill	1,161	130	1,291
	1,162	179	1,341
Satisfied by			
Shares allotted	730	30	760
Cash	432	149	581
	1,162	179	1,341

Company Statement of Cash Flow for the year ended 31 March 2020

	2020 £'000s	2019 £'000s
Cash flows from operating activities		
Profit for the year	200	165
Dividends received	(461)	(381)
Interest received	(1)	(1)
Income tax expense	-	-
Depreciation	21	21
Operating cash flows before movement in working capital	(241)	(196)
Decrease in trade and other receivables	379	43
(Increase)/ decrease in trade and other payables	(37)	122
Cash inflow /(outflow) generated by operations	101	(31)
Income taxes paid	-	-
Net cash inflow / (outflow) from operating activities	101	(31)
Cash flows from investing activities		
Interest received	1	1
Dividends received	461	381
Purchase of property, plant and equipment	-	-
Acquisition of subsidiaries	(544)	-
Acquisition of investment in an associate	-	(65)
Acquisition of investment	-	-
Net cash (outflow)/inflow from investing activities	(82)	317
Cash flows from financing activities		
Proceeds of share issue	-	2
Dividends paid	(341)	(296)
Net cash outflow from financing activities	(341)	(294)
Net decrease in cash and cash equivalents	(322)	(8)
Cash and cash equivalents at beginning of the year	335	343
Cash and cash equivalents at end of the year	13	335

Notes to the Financial Statements for the year ended 31 March 2020

1. General information

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

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

2. Accounting policies

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

Basis of preparation

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

The financial statements have been prepared on the historical cost basis except for certain assets which are carried at fair value.

The financial statements are presented in Pounds Sterling which is the functional and presentational currency of all companies within the Group.

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

Going concern

As a result of the COVID-19 pandemic management have produced forecasts that have been adapted to reflect plausible scenarios on revenue and costs over the short term and into a transition period. These have further been stress tested to ensure their viability.

All non-essential spend was suspended and all travel and subsistence spend suspended due to lockdown measure being in place.

Notes to the Financial Statements (continued) for the year ended 31 March 2020

2. Accounting policies (continued)
Going concern (continued)
The Group made six redundancies between March and June and placed seven members of staff on furlough, one of whom has since returned to work.

All employees continue to work from home and are able to service both the needs of clients and the organisation.

The Group took advantage of the VAT payment deferral plan and have built into the cashflow forecast the payment in March 2021.

The directors considered the possibility of bank loans and have opted not to take out debt financing but have considered equity financing and the placement of shares should cash be required.

The Group is in a strong cash position post balance sheet.

The Board continue to review the current position on a fortnightly basis. The subsidiary CEO's and the Group Finance Director monitor weekly to ensure forecasts are sustainable and cash reserves are maintained.

All the actions taken and the forecasts that have been produced and reviewed demonstrate that the Group is forecast to generate profits and cash in the year ended 31 March 2021 and beyond and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of signing the financial statements.

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

Consolidation of a subsidiary begins when the Company obtains control and ceases when control is lost. The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three control elements listed above.

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

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

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

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

Revenue recognition
The group earns income from the following principal services:
- Revenue from consultancy services
- Revenue from interim management
- Revenue from treasury management

For all these principal services, revenue represents amounts recoverable from clients for professional services provided during the year. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognised when control of a product or service is transferred to a customer.

Revenue from fixed fee assignments is recognised over a period of time by reference to the stage of completion of the actual services provided at the reporting date, as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Time and materials assignments are recognised as services are provided at the fee rate agreed with the client. Unbilled revenue on individual client assignments is classified as accrued income for client work within trade and other receivables. Where individual on-account billings exceed recognised revenue on a client assignment, the excess is classified as contract liabilities for client work within trade and other payables.

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

Short leasehold property	Over unexpired term of lease
Equipment	3-5 years

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

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

Investment in subsidiaries
In the Company's financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

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

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

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

Notes to the Financial Statements (continued) for the year ended 31 March 2020

2. Accounting policies (continued)

Investment in associates (continued)

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

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'amortised cost'. The classification depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them and is determined at the time of initial recognition. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Amortised cost

Financial assets at amortised cost

These assets are held within a business model whose objective is to collect contractual cash flows which are solely payments of principals and interest and therefore classified as subsequently measured at amortised cost. With the exception of trade receivables which are initially measured at transaction price determined in accordance with IFRS 15, financial assets at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents. Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand which have a right of offset against cash balances. These instruments are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. The Group's financial assets measured at FVTPL comprise unquoted equity investments.

Impairment of financial assets

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of credit losses. During this process the probability of the non-payment of the trade receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the expected credit loss for the trade receivables. Provisions are recorded net in a separate provision account with the loss being recognised in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of provision is based on whether there has been a significant increase in credit risk since the initial recognition of the asset.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'amortised cost'. The Group does not currently hold any financial liabilities 'at FVTPL'.

Pensions

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

Current and deferred income tax

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

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

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

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

Deferred tax assets

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

Impairment of assets

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

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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

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

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

Notes to the Financial Statements (continued) for the year ended 31 March 2020

2. Accounting policies (continued)

Impairment of assets (continued)

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

Provisions

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

Leases

The Group has revised its accounting policy for leases where the Group is the lessee following the adoption of IFRS 16 on 1 April 2019.

The Group enters into lease agreements for the use of buildings. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until March 2019 leases of property were classified as operating leases. From 1 April 2019, following the adoption of IFRS 16, leases are recognised as a right-of-use asset (ROU) and a corresponding lease liability for future lease payments at the date at which the leased asset is available for use by the Group. Depreciation of the right-of-use asset will be recognised in the income statement on a straight-line basis, with interest recognised on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options would also be included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and interest cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The modified retrospective method has been applied the impact on adoption was a recognition of a right of use asset of £514k with a matching lease liability. There are no adjustments to opening retained earnings as there were no lease liabilities in force at the end of the prior year.

The Group does not have any short-term leases of equipment or vehicles.

Accounting policy applied prior to 1 April 2019

Under IAS 17 (prior to transition to IFRS 16), rental payments under operating leases were charged to the income statement on a straight-line basis over the lease term.

Share capital / equity instruments

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

Share-based payments

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

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

The fair value of the options is measured using the Black Scholes options valuation model. The inputs into that model are the share price at the date of the grant, the exercise price, the expected life of the option, the risk-free rate based on the yield of a 10-year government bond and the expected share price volatility based on the Company's share price since 20 August 2015.

Adoption of new and revised standards

The following pronouncements have been adopted in the year:

- IFRS 16 Leases

Standards issued but not yet effective

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Critical accounting estimates and judgements

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

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

Notes to the Financial Statements (continued) for the year ended 31 March 2020

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

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

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

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

Assumptions regarding the fair value of the Company's shares and assumptions regarding employee fluctuation are considered when measuring the value of share-based payments for employees, which are required to be accounted for as equity-settled share-based payment transactions pursuant to IFRS 2. The resulting staff costs are recognised pro rata in the statement of comprehensive income to reflect the services rendered as consideration during the vesting period (note 21).

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

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

The recoverable amount of the goodwill is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to income and direct costs during the period.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each acquisition of goodwill. Discount rates of 11% and a terminal value of 1.4% has been used.

Growth rates of 0-15% have been applied, these are based on industry rates managements knowledge of the business and the markets and the ability for the business to expand. The maximum period over which the cashflows are reviewed is 5 years.

Sensitivities have been applied to all assumptions. In the light of COVID-19 the cashflows have been further tested to ensure the assumptions are viable.

Intangible assets
On acquisition the following items are reviewed to assess if there is any value in acquiring the intangibles separately.

- Trademarks or trade names
- Technology based intangibles, including any IT systems
- Artistic-related intangibles
- Intellectual property
- Customer-related intangibles
- Employment contracts

On acquisition of the two entities during the year there were no assets identifiable as being separable from the entity that could be sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability. There were also no assets arising from contractual or other legal rights.

Valuation of unquoted investments
The Group determines the fair value of these financial instruments using recent transactions or valuation models if information about recent transactions is not available. The values derived from applying these models are significantly impacted by the choice of the valuation model used and the underlying assumptions made, such as the amounts and timing of future cash flows, discount rates, volatility and credit risk.

Management reviewed all information available at 31 March 2020 taken into account all additional information relating to market participant assumptions that is reasonably available and concluded that there is insufficient information available and a wide range of possible fair value measurements and as such cost is considered to be an appropriate estimate of fair value.

4. Revenue and finance income

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

	2020	2019
	£'000s	**£'000s**
Continuing operations - rendering of services		
Specialist housing consultancy income	6,729	7,087
Treasury management consultancy income	528	568
Specialist sports and education consultancy	706	-
	7,963	7,655
Finance income is comprised of:		
Interest revenue on bank deposits	1	2
	7,964	7,657

5. Operating segments

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

The principal activities of the Group are as follows:

Consultancy – a range of services to support the business needs of a diverse range of organisations (including housing

Notes to the Financial Statements (continued) for the year ended 31 March 2020

5. Operating segments (continued)

associations, local authorities, multi academy trusts and sporting businesses) across the housing, education and sports sectors.

Most consultancy projects run over one to two months and on-going business development is required to ensure a full pipeline of consultancy work for the employed team.

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

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

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

	2020	2019
	£'000s	£'000s
Revenue from Consultancy	6,640	5,867
Revenue from Interim management	795	1,220
Revenue from Treasury management	528	568
	7,963	7,655
Cost of sales from Consultancy	5,315	4,381
Cost of sales from Interim management	574	1,010
Cost of sales from Treasury management	322	397
	6,211	5,788
Gross profit from Consultancy	1,325	1,486
Gross profit from Interim management	221	210
Gross profit from Treasury management	206	171
	1,752	1,867
Administrative expenses	(1,626)	(1,260)
Operating profit	126	607

Within consultancy revenues, approximately 7% (2019: 6%) has arisen from the segment's largest customer; within interim management 24% (2019: 12%); within treasury management 26% (2019: 34%).

Geographical information

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

	2020	2019
	£'000s	£'000s
UK	7,368	7,179
Europe	279	305
Rest of World	316	171
	7,963	7,655

6. Profit before taxation

	2020	2019
	£'000s	£'000s
Profit before taxation is arrived at after charging:		
Auditors' remuneration (see below)	42	38
Depreciation of property, plant and equipment	63	52
Depreciation of leasehold property	71	-
Staff costs (see note 7)	5,351	4,270
Significant reorganisation costs *	186	-
Acquisition related costs **	51	-
Operating lease costs – land and buildings	-	42

* Significant restructuring costs include staff related costs of £186k (2019: Nil) arising from the redundancy costs relating to COVID-19 are provided for

** Refer to note 10 for the breakdown of acquisition-related costs

Breakdown of auditors' remuneration

	2020	2019
	£'000s	£'000s
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the parent Company	23	19
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	19	19
Total	42	38

Notes to the Financial Statements (continued) for the year ended 31 March 2020

7. Staff costs

	2020	2019
The average monthly number of employees (including directors) employed by the Group was:	74	52

	2020 £'000s	2019 £'000s
Aggregate remuneration (including directors)		
Wages and salaries	4,542	3,605
Share-based payments	105	117
Pension contributions	215	161
Social security costs	489	387
	5,351	4,270

	2020 £'000s	2019 £'000s
Company staff costs		
Wages and salaries	10	10

	2020 £'000s	2019 £'000s
Directors' remuneration		
Salary (including taxable benefits)	396	390
Share-based payments	20	43
Pension contributions	22	17
	438	450

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

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

	£'000s	£'000s
Salary (including taxable benefits)	146	162
Share-based payments	8	15
Pension contributions	9	8
	163	185

Remuneration of key management personnel

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

	2020 £'000s	2019 £'000s
Short-term employee benefits	664	655
Share-based payments	29	64
Post-retirement benefits	22	22
	715	741

8. Taxation

	2020 £'000s	2019 £'000s
Corporation tax:		
Current year	52	143

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

	2020 £'000s	2019 £'000s
Profit before taxation	178	609
Tax at the UK corporation tax rate of 19% (2019: 19%)	34	116
Post tax income from associate	(9)	
Expenses not deductible	27	27
Tax expense for the year	52	143

9. Earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to the equity holders of the Group by the weighted average number of shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares, namely share options. Details of which are set out in note 21.

	2020 £'000s	2019 £'000s
Profit after tax attributable to owners of the parent	75	466
Weighted average number of shares		
- Basic	36,285	35,272
- Diluted	41,665	40,353
Basic earnings per share	0.35p	1.32p

Notes to the Financial Statements (continued) for the year ended 31 March 2020

Diluted earnings per share	0.32p	1.15p

10. Goodwill

Group	Goodwill
	£'000s
Cost	
At 1 April 2018 and 31 March 2019	2,028
Additions	1,844
At 31 March 2020	**3,872**
Accumulated impairment losses	
At 1 April 2018 and 31 March 2019	-
Impairment losses for the year	(555)
At 31 March 2020	-
Net book value	
At 1 April 2018 and 31 March 2019	2,028
At 31 March 2020	**3,317**

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

On 11 June 2019, the Group acquired 100% of the share capital of Oaks Consultancy Ltd, a company incorporated in the UK. The principal activity of Oaks is that of consultancy within the sports and education sector. Oaks' business services complement those of existing subsidiaries within the Group and provides strong opportunities for collaboration.

The transaction has been accounted for by the acquisition method of accounting. This comprises an initial consideration of £1,714k being £441k in cash, £718k in ordinary shares and deferred contingent consideration of £555k. The deferred consideration is contingent upon specific targets on the annual recurring revenue (ARR) growth of the business up to March 2021. The directors have reviewed the business performance of Oaks including the future budgets and cashflows up to March 2021 and have concluded that the ARR is unlikely to be achieved and have therefore release the contingent liability. The directors have also impaired the investment by the amount equivalent to the contingent consideration. Further impairment reviews have taken place and no further impairment is required on the remaining goodwill. The costs of acquisition totalling £35k have been included within the profit and loss account of the Group. The total amount of goodwill in the Statement of Financial Position is shown as £1,159k.

The net assets of Oaks totalling £1k were acquired for cash.

On 31 January 2020, the Group acquired 100% of the share capital of Finalysis (UK) Limited a consultancy business providing treasury and banking services.

The transaction has been accounted for by the acquisition method of accounting at a fair value of consideration of £130k

being £100k in cash and £30k in ordinary shares. The costs of acquisition of £16k have been included within the profit and loss account of the Group. The total goodwill calculated at £130k.

The net assets of Finalysis totalling £49k were acquired for cash. The trade and assets of Finalysis were hived into ATFS. The Group tests goodwill annually for impairment, or more frequently if there are any indications that goodwill might be impaired.

The recoverable amount of goodwill is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding growth rate of client base and project fees. Management's approach to determining the values to each key assumption is based on experience and project work already secured for future periods. Management have projected cash flows over a period of 5 years, based on growth rates of between 0% and 15% per annum, this is based on past performance and expected future activity, also taking into account a slower growth rate due to COVID-19. A discount rate of 11% and a terminal value of 1.4% has been used. Sensitivities have then been applied to the model to stress test the assumptions. As a result of the review an impairment on Oaks has occurred and £555k has been written off in the financial year under review.

The following amounts have been recognised within the consolidated statement of comprehensive income for the reporting period.

	Oaks £'000	Finalysis £'000
Revenue	706	89
Profit before tax	(21)	37

If the acquisitions had taken place at the start of the financial year, the group revenue would have been £8,381k and the profit before tax £279k

11. Property, plant and equipment

The Group has revised its accounting policy for leases where the Group is the lessee following the adoption of IFRS 16. The Statement of Financial Position shows the following amounts relating to the right of use assets in property.

Group	Property	Fixtures and fittings	Computer equipment	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
At 1 April 2018		34	110	144
Additions		-	28	28
At 31 March 2019	-	34	138	172
Additions	541	11	28	580
At 31 March 2020	541	45	166	752
Accumulated depreciation				
At 1 April 2018		13	36	49
Charge for the year		11	40	51
At 31 March 2019		24	76	100
Charge for the year	71	14	49	134
At 31 March 2020	71	38	125	234
Net book value				
At 1 April 2018		21	74	95
At 31 March 2019		10	62	72
At 31 March 2020	470	7	41	518

Notes to the financial statements (continued) for the year ended 31 March 2020

11. Property, plant and equipment (continued)

Company	Computer equipment
	£'000s
Cost	
At 1 April 2018 and 31 March 2019	64
Additions	-
At 31 March 2020	**64**
Accumulated depreciation	
At 1 April 2018	5
Charge for the year	22
At 31 March 2019	27
Charge for the year	21
At 31 March 2020	**48**
Net book value	
At 1 April 2018	59
At 31 March 2019	37
At 31 March 2020	**16**

12. Investment in subsidiaries

Company	Investments in subsidiaries
	£'000s
Cost	
At 1 April 2018	2,701
Additions	117
At 31 March 2019	2,818
Additions	1,949
At 31 March 2020	**4,767**
Accumulated impairment losses	
At 1 April 2018 and 31 March 2019	[illegible]
Impairment losses for the year	[illegible]
At 31 March 2020	[illegible]
Net book value	
At 1 April 2018	[illegible]
At 31 March 2019	2,818
At 31 March 2020	**4,212**

The addition of £1,949k represents the acquisition of Oaks of £1,714k (including deferred consideration of £555k) the acquisition of Finalysis of £130k and £105k representing capital contributions made to the Company's subsidiaries in respect of the share option expense recognised in those subsidiaries on share options issued by the Company.

Details of the Company's subsidiaries at 31 March 2020 are as follows.

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

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

13. Investment in associates

Details of the Group's material associates at 31 March 2020 are as follows:

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

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

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

	2020	2019
	£'000s	£'000s
Investment in associate	228	227

The Group's share of the net assets in the associate company is £76k (2019: £26k). Profit for the year, of which £51k is attributable to Aquila, has been recognised in the statement of comprehensive income and added to the carrying value. No share of profit was recognised in the prior year. In the Company statement of financial position, the investment is carried at cost of £227k.

Although the Group's share of net assets in the associate is below the carrying value, no impairment has been recorded because the associate was profitable in the year and expected to continue to be profitable going forward.

Notes to the financial statements (continued) for the year ended 31 March 2020

13. Investment in associates (continued)

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

3C Consultants Limited	2020 £'000s	2019 £'000s
Current assets	520	328
Non-current assets	2	3
Current liabilities	(217)	(222)
Non-current liabilities	-	(6)
Equity attributable to the owners of the Company	305	103
Revenue	1,416	959
Profit/(loss) for the year	203	65
Other comprehensive income	-	-
Total comprehensive income	203	65
Dividends received from associate during the year	-	-

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

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

14. Investments

	Fair Value Hierarchy	2020 £'000s	2019 £'000s
Unquoted equity investments	Level 3	121	121

The Group has a 6% equity shareholding in AssetCore Limited an unquoted company. AssetCore's principal activity is a

cloud-based platform used to manage loan security within the affordable housing sector. As explained in Note 3, based on the information available at the reporting date the directors consider cost to be an appropriate estimate of fair value.

Financial instruments measured at fair value subsequent to initial recognition are grouped into levels 1 to 3 based on the degree to which the fair value is observable, i.e.:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

15. Trade and other receivables

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Trade receivables	2,063	1,872	-	-
Group undertakings	-	-	685	1,082
Other receivables	23	9	14	0
Prepayments	79	88	9	2
Contract assets	222	224	-	-
	2,387	2,193	708	1,084

	Total £'000s	<30 days £'000s	30-60 days £'000s	66-90 days £'000s	>90 days £'000s
31 March 2020	2,063	1,500	209	147	207
31 March 2019	1,872	1,744	50	23	54

No expected credit loss is recognised in the accounts. The Group do not expect any debts not to be paid, the directors have reviewed the provision for expected credit loss and have not identified any which need to be provided for.

16. Trade and other payables

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Trade payables	154	253	9	
Other payables	101	28	50	-
Lease liabilities	79	-	-	-
Amounts owed to Group undertakings	-	-	520	560
Taxes and social security costs	613	518		-
Accruals	634	569	56	112
Contract liabilities	181	227		-
	1,762	1,595	635	672

Of the contract liability brought forward at the start of the year £227k (2019: £226k) was recognised in revenue in the year.

17. Long term liabilities

As explained in note 2, the Group has revised its accounting policy for leases were the Group is the lessee following the adoption of IFRS 16. The Statement of Financial Position shows the following amounts relating to lease liabilities.

Notes to the financial statements (continued) for the year ended 31 March 2020

17. Long term liabilities (continued)

	2020
	£'000s
Additions new leases	514
Decrease in lease liabilities	(66)
Closing amounts as at 31 March 2020	448
Current	79
Non-current	369

18. Share capital

	2020	2019
	£'000s	£'000s
Allotted, called up and fully paid		
37,947,905 (2019: 35,307,776) Ordinary shares of 5p each	1,897	1,765

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

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

	Number of Ordinary shares	Amount called up and fully paid	Share premium	Merger reserve
	'000	£'000s	£'000s	£'000s
At 31 March 2018	35,265	1,763	1,487	2,413
Issued at 5p per share on 1 Feb 2019	42	2	-	-
At 31 March 2019	35,307	1,765	1,487	2,413
Issued at 28.7p per share on 14 Nov 2019	2,544	128	-	603
Cost of share on acquisition	-	-	(12)	-
Issued at 35p per share on 31 Jan 2020	86	4	-	26
Issued at 5p per share on 21 Feb 2020	10	-	-	-
At 31 March 2020	37,947	1,897	1,475	3,042

19. Reserves

The share premium account represents the amount received on the issue of Ordinary shares by the Company in excess of their nominal value and is non-distributable.
The merger relief reserve arose on the Company's acquisition of Altair. There is no legal share premium on the shares issued as consideration as section 612 of the Companies Act 2006, which deals with merger relief, applies in respect of the acquisition. Since the shareholders of Altair became the majority shareholders of the enlarged group, the acquisition is accounted for as though the legal acquiree is the accounting acquirer.

Upon acquisition of Oaks and Finalysis in the year to 31 March 2020 the premium arising on the issue of shares has been credited to the merger reserve as shown in note 18.

20. Dividends

Amounts recognised as distributions to equity holders	**2020**	2019
	£'000s	£'000s
Final dividend for the year ended 31 March 2019 of 0.6p per share (2018: 0.55p)	227	194
Interim dividend for the year ended 31 March 2020 of 0.3p per share (2019: 0.29p)	114	102
	341	296
Proposed final dividend for the year ended 31 March 2020 of Nil per share (2019: 0.6p)	-	211

The group do not propose a final dividend for the year ended 31 March 2020.

21. Share-based payment transactions

The Company operates an Unapproved Scheme and an Enterprise Management Incentives Scheme. The total expense recognised in the year to 31 March 2020 arising from share-based payment transactions is £105k (2019: £117k).

Unapproved scheme	**Number '000**	**Weighted average exercise price**
Number of options outstanding at 1 April 2019	2,587	£0.23
Granted during period	171	£0.35
Forfeited during period	-	-
Exercised during period	-	-
Number of options outstanding as at 31 March 2020	2,758	£0.25
Number of options exercisable as at 31 March 2020	2,587	£0.23

The exercise price of the options outstanding at 31 March 2020 ranges between £0.05 and £0.35. The weighted average remaining contractual life of the options outstanding at 31 March 2020 is 1 year (2019: 1 year).

On 31 January 2020, following the acquisition of Finalysis, the Company granted 171,428 of options at an exercise price of 35p. The options are exercisable between 31 January 2022 and 31 January 2027. The weighted average fair value of the options at grant date was £0.067. The fair value of the options was measured using the Black Scholes options valuation model. The inputs into that model in respect of the EMI share options were as displayed on the following page.

Notes to the financial statements (continued) for the year ended 31 March 2020

21. Share-based payment transactions (continued)

Share price	£0.35
Exercise price	£0.35
Expected volatility	20.19%
Expected option life	5 years
Risk-free rate	0.61%

The risk-free rate is based on the yield of a 10-year government bond.
The expected share price volatility is based on the Company's share price since 20 August 2015.

EMI scheme	Number	Weighted average exercise price
Number of options outstanding at 1 April 2019	2,851	£0.05
Granted during period	-	-
Forfeited during period	(65)	£0.05
Exercised during period	(10)	£0.05
Number of options outstanding as at 31 March 2020	2,776	
Number of options exercisable as at 31 March 2020	2,005	£0.05

The weighted average remaining contractual life of the options outstanding at 31 March 2020 is 5 years (2019: 6 years).

22. Related party disclosures

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

Dividends totalling £149k (2019: £137k) were paid in the year in respect of Ordinary Shares held by the Company's directors.

During the year the Group charged £Nil (2019: £10,000) to DMJ Consultancy Services Limited for administrative services, a company in which Derek Joseph serves as a director.

At 31 March 2020, the balance owed to Richard Wollenberg for services as a non-executive director was £8k (2019: £4k).

At 31 March 2020, the balance owed to Fiona Underwood for reimbursement of expenses was £182.

23. Control

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

24. Financial instruments

Financial risk management

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

Credit risk

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

The Group considers its credit risk to be low. Of the total trade receivables at the 2020 year-end £136k (2019: £148k) is due from one customer (which has since been received).

There are no other customers that represent more than 7% of the total balance of trade receivables. The maximum exposure to credit risk is equal to the carrying value of these instruments.

Liquidity risk

Liquidity risk is the risk of the Group being unable to meet its liabilities as they fall due. The Group manages liquidity risk by maintaining enough cash reserves and holding banking facilities, and by continuously monitoring forecast and actual cash flows. In addition, the Group is a cash generative business with income being received regularly over the course of the year. The Group held cash reserves of £828k (2019: £1,719k) at the year-end.

Foreign currency risk

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

Interest rate risk

The Group does not undertake any hedging activity in this area. The main element in interest rate risk involves sterling deposits.

Capital risk management

Internal working capital requirements are low and are regularly monitored.

The Groups' objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders, benefits for other stakeholders and to maintain optimal capital structure and to reduce the cost of capital.

In order to ensure an appropriate return for shareholder capital invested in the Group, management thoroughly evaluates all material projects and potential acquisitions and has them approved by the Board of Directors where applicable.

The Group monitors capital on a short- and medium-term view.

25. Post Balance Sheet event

There are no post balance sheet events.

26. Capital commitments

There were no capital commitments at 31 March 2020.

27. Contingent liabilities

There were no contingent liabilities at 31 March 2020.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aquila Services Group plc will be held at Tempus Wharf 29A, Bermondsey Wall West, London, SE16 4SA on 29 July 2020 at 3:00 pm, for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions numbered 1 to 5 will be proposed as ordinary resolutions and resolution 6 and 7 will be proposed as a special resolutions. Resolutions 5 to 7 are items of special business.

Please note that arrangements for the Annual General Meeting this year are different from those of previous years. Restrictions on personal movement and social distancing measures implemented by the UK Government in response to the Covid-19 pandemic means that special measures will be adopted for the Annual General Meeting (AGM) to protect the health and safety of Shareholders and others in attendance at the AGM. It is currently envisaged that the AGM will be run as a closed meeting with the minimum number of shareholders present (or via video conferencing in accordance with the Company's articles of association) to ensure that the meeting is quorate and conducted without a presentation or a question and answer session. The Board requests that no Shareholders attend the meeting in person and any Shareholders that do attend (other than to form a quorum) will be refused entry. Accordingly, Shareholders are encouraged to vote on the resolutions by proxy and the votes on each resolution will be taken on a poll. You can vote by completing and returning the proxy form which accompanies this document.

The Board will continue to keep Government guidance under review and may, if necessary, make further changes to the arrangements for the AGM. Further announcements and information will be provided as required and Shareholders should continue to monitor the Company's website at https://aquilaservicesgroup.co.uk/ for any up-dates.

Ordinary business

1. To receive the reports of the directors and auditor and the financial statements for the period ended 31 March 2020.

2. To approve the remuneration report for the period ended 31 March 2020.

3. To approve the revised remuneration policy for implementation from 1 April 2020.

4. That Crowe UK LLP be and is hereby reappointed as auditor of the Company and that the directors be authorised to determine the auditor's remuneration.

Special business

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

5.1 £229,580 in connection with the valid exercise of the options (both approved and unapproved) granted by the Company (as set out in the prospectus issued by the Company dated 20 July 2015), any unapproved options granted to current or former officers of the Company and options granted to employees and officers of the Company and/or its subsidiaries in accordance with the terms of the Company's Employee Share Option Scheme ("Options"); and

5.2 in any other case, £632,465 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authorities in paragraph 5.1 above in excess of the stated amount).

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

or agreement notwithstanding that the authority conferred by this resolution has expired.

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

6. That, subject to Resolution 5 above being duly passed, the directors of the Company be and are hereby empowered, pursuant to section 570 of the CA 2006, to allot equity securities (as defined in section 560 of the CA 2006) wholly for cash pursuant to the authority conferred upon them by Resolution 5 above (as varied, renewed or revoked from time to time by the Company at a general meeting) as if section 561(1) of the CA 2006 did not apply to any such allotment provided that such power shall be limited to the allotment of equity securities:

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

6.2 in connection with the valid exercise of Options;

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

6.4 otherwise, up to a maximum nominal amount of £94,870.

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

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

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

7.1 the maximum aggregate number of Ordinary Shares that may be purchased is 3,794,790;

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

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

7.3.1 105 per cent of the average closing middle market quotations for the Ordinary Shares as quoted on the Official List of the London Stock Exchange for the five business days prior to the day the purchase is made; and

7.3.2 the value of an Ordinary Share calculated on the basis of the higher of the price quoted for:

7.3.3 the last independent trade of; and

7.3.4 the highest current independent bid for any number of Ordinary Shares on the Official List.

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

Registered office:	**By order of the board**
Tempus Wharf	**Claire Banks**
29a Bermondsey Wall West	**Company Secretary**
London	**2 July 2020**
SE16 4SA	

Notice of Annual General Meeting Notes

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

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

3. A form of proxy accompanies this notice. Forms of proxy, to be valid, must be delivered to the company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD in accordance with the instructions printed thereon, not less than 48 hours before the time appointed for the holding of the meeting.

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

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

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

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

8. As at close of business on 1 July 2020 the company's issued share capital comprised 37,947,905 ordinary shares of 5 pence each. Each ordinary share carries the right to one vote at a general meeting of the company and, therefore, the total number of voting rights in the company at close of business on 1 July 2020 is 37,947,905.

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

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

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

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

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

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

Directors and advisors

Directors	Derek Joseph	Executive Chair
	Dr Fiona Underwood	Executive Director
	Susan Kane (resigned 24 July 2019)	Group Finance Director
	Claire Banks (appointed 24 July 2019)	Group Finance Director
	Steven Douglas (resigned 7 April 2020)	Group Chief Executive
	Richard Wollenberg	Non-Executive Director
Company secretary	Claire Banks (appointed 24 July 2019)	
Registered office	Tempus Wharf 29a Bermondsey Wall West London SE16 4SA	
Indepedant auditors	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	
Corporate advisor	Beaumont Cornish Limited 10th Floor 30 Crown Place London EC2A 4EB	
Bankers	National Westminster Bank plc 50 High Street Egham Surrey TW20 9EU	
Registrars	Neville Registrars Neville House Steelpark Road Halesowen B62 8HD	
Company number	08988813	
Company website	www.aquilaservicesgroup.co.uk	