Aquila

Aquila Services Group plc

Annual report and financial statements for the year ended 31 March 2021

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 beneficial impact on communities and lives in the UK and beyond.
- To offer staff the opportunity to inspire positive change in an environment with a strong social focus.
- To provide investors the opportunity of supporting an organisation that combines strong performance with a positive social outcome.

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 throughout the UK and internationally with clients across housing and regeneration, sport and education, charity and government sectors.

Financial Highlights
For the year ended 31 March 2021.

Revenue £7,642k (2020: £7,963k)	Gross profit £1,640k (2020: £1,752k)	Gross profit margin 21% (2020: 22%)
Underlying operating profit* £614k (2020: £468k)	Statutory profit after tax £187k (2020: £126k)	Statutory earnings per share 0.48p (2020: 0.35p)
Cash generated by operations £930k (2020: £230k)	Cash balances £2,127k (2020: £828k)	Total dividend payable 0.55p per share (2020: 0.30p)

*Underlying operating profit is calculated by adjusting the reported pre-tax profit for; profit/(loss) on disposals, restructuring costs related to COVID-19, share-based payment charges, acquisition costs, share of profits from associate companies and impairments of investments.

Dividend
The Directors propose a final dividend of 0.4p per share (2020: Nil). This will be paid on 2 August 2021 to shareholders on the register at 16 July 2021.

Corporate Structure

The corporate structure of the organisation and the Directors of the subsidiary boards are shown below.

Aquila Services Group plc
"Aquila"
Derek Joseph (Executive Chair)
Claire Banks (Finance Director & Co Sec)
Fiona Underwood (Executive Director)
Richard Wollenberg (Non-Executive)

Altair Consultancy and Advisory Services Ltd
"Altair"
Directors:
Fiona Underwood (CEO)
Claire Banks
Michael Appleby
Cathy Beazley
Matt Carroll
Jim Lashmar
Chris Wood

Aquila Treasury and Finance Solutions Ltd
"ATFS"
Directors:
David Mairs (CEO)
Claire Banks
Chris Wood

Oaks Consultancy Ltd
"Oaks"
Directors:
Adam Walker (CEO)
Claire Banks
Rahul Bissoonauth
Luke Southall

Within the year of reporting the Group set up two employee led "groups" with representation across the Aquila Group to focus activities on the environment and sustainability and equality, diversity and inclusion. The composition of these groups is set out below.

Green Group

Michael Appleby
Milly Clarke
Annie Grey
Jennifer Rolison
Amy Russell
Jess Shepherdson
Darren Smith
Becky Warne
Joanna Williams

EDI Group

Claire Banks
Cassidy Curls
Christine Lamberth-Williams
Will Morley
Alex Neate
Natasha Raj
Jennifer Rolison
Beth Sadler
Mihir Shah
Luke Southall
Jagjeet Tiwana

Aquila at a Glance

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

The Group continues to implement its business strategy to encompass all the professional consultancy services that the Group's client base demands. The Group now provides advice and support across the affordable housing, regeneration, sport and education sectors. Its purpose is to assist 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.

Group Members

Altair Consultancy and Advisory Services Ltd

Altair is a specialist management consultancy company that works with organisations that govern, manage, regulate or build housing. Operating within the UK and Europe, its international client base is increasing with expansion in Africa and Asia.

The services that Altair offers cover housing development and regeneration, property asset management, health and safety compliance and building safety advice, strategic financial advice, governance and risk management, executive and non-executive recruitment. Our ITC and digital, transformation and people services are an area of investment and growth.

Clients contract with Altair on a fixed-fee basis, through retained contracts in our finance, governance and transformation business streams, and interim placements for members of the property team at client sites.

Aquila Treasury and Financial Solutions Ltd

ATFS is a specialist treasury management consultancy authorised and regulated by the Financial Conduct Authority that operates across the UK and Europe. It 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 to local authorities, charities, housing associations, education bodies, private sector housing providers and government bodies.

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

Oaks is a specialist sports, charity, statutory and education consultancy operating within the UK and Europe with an increasing international presence. Oaks' 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.
Oaks provides consultancy advice and guidance on strategy and business planning, organisational and cultural change programmes, impact measurement, together with implementation support in relation to income generation and diversification. Contracts are delivered through a mix of fixed-fee projects and retained contracts for general advisory services.

Investments

3C Consultants Limited

During the year the Group sold its 25% shareholding in 3C Consultants Limited under a share buyback arrangement.

AssetCore – 5.3% equity holding

AssetCore is a digital financial debt management platform for the affordable housing sector. Due to the difficulty of demonstrating the system during the pandemic the directors have taken the precaution of making an impairment charge as it is not known how long it will take to sign up new users.

Chair's Statement

Dear Shareholder,

I am pleased to present the annual report and the financial statements for the year to 31 March 2021. The report is designed to provide both an overview of the Group's business and achievements, as well as a summary of the results for the year. I hope shareholders will find it both helpful and informative. If you would like further information or wish to discuss the work of the Group, please do not hesitate to contact one of the directors; details are given on page 2.

My letters to shareholders included in last year's final report and the interim report for this year concentrated on the actions we took to counter the impact of the pandemic and increase the financial resilience of the Group. Looking back, I am pleased to report that because we took timely and appropriate decisions, the Group has emerged with a stronger, more resilient and agile business model and increased reserves.

In global terms, the impact of the pandemic is still ongoing. The pace of economic recovery in the UK, the third wave in Europe and the disastrous effects being seen for some of our international partners in Africa and Asia mean we remain cautious.

At the interim stage, trading profits were lower than the previous comparable period, both from lower turnover and the costs of restructuring. I am pleased to report the second half of the year had no further disruptive events and trading continued to improve. Turnover was only slightly below previous years and reported profits are higher after restructuring costs and the impairment of our investment in AssetCore. Cash balances have significantly increased and with a continuation of the uplift in trading for the first few months of this year, we are optimistic. The Group is pleased to return to the dividend list and its confidence has enabled the proposed final dividend to be recommended at a level reflecting pre-pandemic trading.

Elsewhere in this report there is a summary of trading for each of the three businesses of the Group, so here, I want to concentrate on the opportunities to grow the existing businesses, both organically and by acquisitions.

Altair Consultancy and Advisory Services Ltd (Altair) has four major business streams. Property, Governance and Financial Support, Transformation and Change and Altair International. Predominantly the first three activities work for a wide range of local authorities, housing associations and charities but with an increasing number of commercial organisations mainly operating in the UK housing sector. Altair International's major clients are through multi-national agencies such as the World Bank or specific government agencies wanting to support affordable housing programmes and infrastructure development in Africa and Asia.

For all activities the contracts generated, mainly from existing clients, have kept our team of consultants working at full stretch. With the impact of the pandemic on travel, conferences and marketing, the opportunity to grow the client base has been restricted. We are now actively looking to expand our team of consultants and in particular our range of expertise by identifying disciplines that we do not currently offer. We will do this by recruitment and by acquisition, neither of which will be easy and will take time.

The well-publicised demand for specialists in fire safety and achieving targets for decarbonisation of residential accommodation has meant these skills are in short supply. To expand our team we will need to both recruit and continue to train our own. As the regulations governing the organisations with which we work get more complex, the skills that we need are in higher demand. To make the Group more attractive to new recruits and to retain our existing specialists, we have restructured our remuneration packages to offer better rewards and increased opportunities.

For Altair International, the restrictions on travel which meant having to manage projects either virtually or through locally based contractors have restricted being preferred bidders for larger new opportunities. As, hopefully, these restrictions begin to lift then we will expand the team and the product range.

During the year, we reviewed a limited number of acquisition opportunities none of which met our minimum criteria. Often the expectations of the acquisition price were well beyond our valuation yet private equity companies, who from our perception had little experience of the businesses, were willing to pay significantly higher sums. There are identified businesses in which we would be interested and for which we could provide opportunities for both the owners and their consultants. We expect that these opportunities will become more available when expectations of anticipated values are more realistic.

Oaks Consultancy Ltd (Oaks) is a consultancy that works mainly in the education and sports sector but is increasingly working with Altair consultants to develop the offering in both the health and housing sectors. Clients include some of England's largest multi academy trusts, many of the UK's national governing bodies of sport, community development work for Premier League football clubs and international strategic planning an implementation for UEFA and its 55 member associations. The year under review was the first full year within the Group and probably suffered the most from the effects of the pandemic with many of the sports organisations significantly reducing their activities or closing, similarly for many in the education field. Despite this, performance exceeded our expectations and we are now looking forward to a year of expansion.

Oaks is working on a number of new products including providing ongoing digital support for many of its clients and ongoing assistance as organisations strive to rebuild their impact and finances following a period of shutdown. For some clients this may mean merging with other organisations and we are now developing templates and processes to help these organisations manage effectively in a more challenging environment. This expansion will be supported by a programme of recruitment and we have started looking for acquisitions that would complement the range of skills and client base.

Aquila Treasury and Finance Solutions Ltd (ATFS) is our treasury consultancy registered with the FCA. Previously concentrating only on the affordable housing sector, with our latest acquisition we now provide treasury and banking support within the education sector. The education sector was heavily impacted by the pandemic and the temporary closure of many educational establishments resulted in a more challenging year for ATFS.

The current financial year will focus on our planned succession within the company and the development of further products specific to the education sector. The programme of recruitment and restructuring has already started, with the aim of completing the first phase by the half year and the second phase by the end of this financial year.

At the beginning of the Chairman's Statement last year, I invoked the old Chinese greeting of 'may you live in interesting times'. Looking forward, we see that we are well placed to grow the business and its profitability. This should benefit the support we provide to our clients, the opportunities and rewards for our employees and the financial returns to our shareholders. We are an incremental business and these benefits are for the medium term rather than a short term strategy.

We want our stakeholders to be pleased to be involved with a group that is striving for a better world, whether this be from our business in helping households have access to better quality, affordable homes, the ability to participate in sports, receive a better education or have improved access to health services. We want this to be reflected in how we operate so we are currently working on programmes to reduce our carbon footprint and ensure that the diversity and opportunities for those we employ and recruit reflect both the need for an equal society and address inequalities. On Page 6 we introduce our staff groups, Green and EDI, reviewing ways we can improve our methods of working to minimise our carbon footprint and for recruitment, management and employment procedures to encourage equality, diversity and inclusion.

As a result of the restructuring, I accepted, on a temporary basis the role of Executive Chair. Fiona Underwood as the Chief Executive of Altair worked with me to coordinate activities at Group level. I am pleased to formally announce that Fiona has accepted the role of Group Managing Director and I will relinquish much of my executive responsibilities.

To concentrate efforts on managing the operational responsibilities of the Group, the subsidiary boards membership were restructured to be executive-led. This puts more responsibility on Group board to provide wider experience and strategic guidance. We are currently reviewing options to add relevant skills and experience and also with an eye on our succession requirements.

Typically the Group Chair ends the report by singling out individuals who have made important contributions during the year. For the year under review, this is an impossible task. All have contributed over and above the call of duty and turned what could have been a year of challenge to a year of success.

What I will do is personally thank my fellow Group board members who work with me. They also put in untiring efforts and were always able to provide an air of optimism which I appreciated.

Let's now look forward with confidence to keeping the growth of the business on track and for everybody involved, whether clients, employees or investors, to be proud and supportive of the Group's achievements.

Derek Joseph - Chair
23 June 2021

Strategic Report

Strategy and objectives

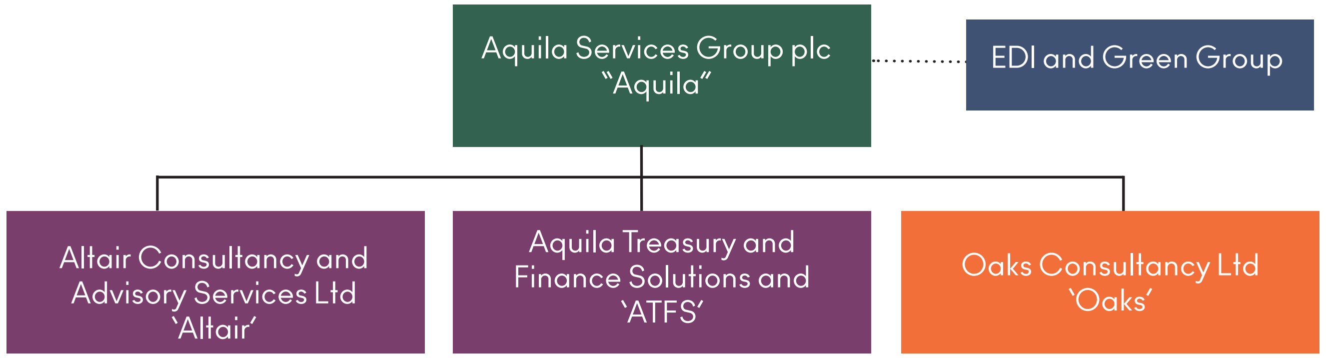
Aquila Services Group (Aquila) has a bold purpose to 'make a better, more sustainable and socially responsible world'. We achieve this by being a consultancy group which provides professional support services to socially focused sectors in the UK and internationally.

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

- We want our subsidiaries to have a direct beneficial impact on communities and lives in the UK and beyond.
- We want to offer staff the opportunity to inspire positive change in an environment with a strong social focus.
- And we want to provide investors the opportunity of supporting an organisation that combines strong performance with a positive social outcome.

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 2021



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 and education sectors on treasury and funding solutions.
- **Oaks** works with clients in the sport and education sectors focused on strategy, business planning and income generation activities.

Within the year of reporting the Group has set up two employee led groups with representation across the Aquila Group. The aim is to focus activities on the environment and sustainability, equality, diversity and inclusion and promoting these initiatives amongst colleagues, making Aquila an attractive employer to work for.

Green Group
The objective of the Green Group is to reduce the Group's environmental impact, to maintain Carbon Neutral Plus status and develop further initiatives to mitigate the Group's impact on the environment.

EDI Group
The purpose of the Equality Diversity and Inclusion (EDI) Group is to drive the EDI agenda across subsidiaries including developing frameworks and raising awareness for the implementation of a range of initiatives to foster a culture of equality, diversity and inclusion at Aquila.

Further information about, and activities within the groups, is available on the website.

Corporate Governance

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 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. Our longer-term planning coming out of the pandemic reflects our approach.

S172(1) (B) "The interest of the company's employees"
The following table sets out how the Company considers the interests of the employees.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others;"
The following table sets out how the Company considers the interests of investors and customers.

	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 Meetings with investors	Regular staff surveys Regular use of different media forums to inform and listen Access to innovation fund for product development	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

Strategic Report (continued)

	Investors	Employees	Customers
How they influence board-making decisions	Investors' opinions are taken into account when considering future policy.	Following a request from employees via staff surveys, the board actively encouraged the setting up of the two employee led groups. They report their activity to the Group's board and employees bi-annually, and regularly throughout the year with Group wide initiatives. Innovation fund outcomes are reviewed by the board which may lead to further investment and/or product launch.	Investment in new product development. Customer insight may lead to research and product development opportunities.

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' was 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 being a climate conscious organisation. During the year the Group achieved Carbon Neutral Plus status.

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, values and quality assurance framework 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.

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

The EDI Group has responsibility for driving Aquila's approach on equality, diversity and inclusion ensuring all employees are treated fairly. We also ensure that our recruitment and succession planning aims to increase the diversity of the Group.

Business environment
Trends and factors

This financial year has been one where the impact of the pandemic was unknown in March and the first lockdown caused significant turbulence across the economy and for all businesses as working patterns had to be changed immediately and for some, shut completely. That turbulence has continued throughout the year and the Group saw an impact in the first half across all parts of its business. Clients within the housing and sports sectors increased their commissioning in the third quarter and with educational establishments reopening at the end of quarter four all parts of the Group returned to almost pre-pandemic levels.

The offices, inline with Government guidelines, remained closed for the majority of the year and all colleagues worked from home. We expect to return to the offices in quarter one of financial year 2021-2022 in a phased way and we anticipate that there will be travel to client sites from quarter two onwards.

As with our national clients, our work with our international clients continued virtually as international borders closed and have remained so all year. International aid efforts focused on COVID-19 and as a consequence, opportunities reduced significantly. This is starting to reverse and the need for assistance in developing affordable housing products in Africa and Asia is returning.

The Brexit transition period ended on 31 December 2020 and the previously expected impact in the sectors that the Group operates in has not been seen. This is due to the impact of COVID-19 and that businesses were not operating as 'normal'. The increase in the unemployment statistics has meant that for some sectors, such as care, recruiting has not been as difficult as in previous years.

Within the housing sector there have been a number of changes to government policy that has affected clients within Altair. The Grenfell tragedy continues to influence how the sector operates and this is evidenced through the Social Housing White Paper – 'The Charter for Social Housing Residents', proposed legislation on building safety and planning all aimed at increasing the safety of social housing residents and ensuring that their voices are heard. The Group has responded to these changes, introducing new products and services and strengthening the team that advises on building safety, specifically assisting clients that own high-rise buildings with ACM or similar cladding materials.

The following case studies show work across the Group

Altair - Rwanda Green City Project
The Challenge

Rwanda Green Fund (FONERWA), the environmental agency of the Rwandan government, funded by KFW, the Development Bank of the German government needed help to undertake a housing and mortgage market sector analysis and financial modelling for the first green city project in Africa. Covering 640 hectares the 'green city' project in Kigali is a mixed-use scheme that would provide over 50,000 homes, industrial, commercial and other green initiatives.

Our Assistance

Altair, with its joint venture partner Sweco, is responsible for reviewing the Rwandan housing and mortgage sectors, identifying housing finance options to raise long term capital to fund affordable housing, preparing the business planning, undertaking the project financial modelling, advising on an appropriate legal entity to oversee the development and management of the first phase, the procurement method to use and the preparation of an investor prospectus for a green finance bond.

Results

Altair has provided an accurate review of the housing and mortgage sectors, evaluated housing finance options and undertaken market demand for residential, commercial and industrial uses. Altair also prepared the business and financial plan, identified development vehicle options, reviewed the legal and regulatory framework, designed different tenure options to enable low income groups to access quality affordable housing and provided recommendations all contained in the Mid Term feasibility report.

Altair has contributed to the final feasibility report and has assisted the client to set up the first not for profit distributing development company called Green City Kigali Ltd. We are assisting the company develop its business plan, policies and procedures including governance structures.

Finally, Altair will assist the preparation of investment prospectus and Green Climate Fund application in due course.

Olu Olanrewaju - Director Altair

Altair - Hackitt Review Response-Digital Record and Golden Thread

Altair worked with Peabody, part of the Early Adopters Group, to help aid their response to the Hackitt Review recommendations.

The project initially commenced with the production of a Digital Record of Building Information. Altair produced a strategy for capturing and storing relevant building safety data and records in preparation for the impending Building Safety Case requirement. Altair deployed a team to implement this strategy, collating this information centrally and working with the client's chosen asset data holding system to format this data for upload. This project led to further commissions in programme management of re-cladding schemes. These included working up a number of re-cladding projects to contract and providing advice on the approach to the governance, prioritisation and delivery of the remediation programme in line with changing legislation and guidance.

Matt Carroll - Board Director Altair

Strategic Report (continued)

Altair - IT Target Operating Model

Altair engaged with a mid-sized housing association in October 2020 with an initial engagement to develop a new IT service Target Operating Model (TOM). The work included:

- A business wide consultation exercise to understand how well the business was being served by the IT service - this included engagement with a wide range of internal stakeholders, a review of key processes, benchmarking of the current service and discussions with external partners to develop a detailed appraisal of the 'as-is' state of the service.
- Development of a new modern IT TOM for the service.
- Identification and delivery of a range of 'quick wins' which we facilitated during the project.
- Development of a new IT team structure, introducing new teams and roles supported by a skills audit of the existing team.
- Development of a new IT/ digital strategy building upon work already implemented but stretching the business to consider a whole range of new digital activities.
- Support on the development of a systems and infrastructure architecture – including consultation with suppliers and business users.

A key part of the TOM was to rebuild and strengthen the relationship between the IT service and the wider business. Alongside the strategic work we were undertaking, we also provided an interim Project Management Lead to provide an experienced interface between the IT service and the newly formed Project Management Office. This enabled stronger working relationships to be developed and resulted in the creation of an overarching programme plan for IT related projects.

Throughout the project we also continued to provide strategic and critical friend support to the Executive Team and other leaders in the business in a wide range of technology related areas. After the initial work on developing the new TOM, completed in February 2021, we have continued to provide support on the implementation of the new IT TOM.

Michael Appleby – Board Director Altair

Oaks - Sporting Equals

Originally formed in 1998 through a partnership between Sport England and the Commission for Racial Equality, Sporting Equals are a national race equality charity who have set about fighting inequality, challenging attitudes and offering opportunities to underrepresented communities, particularly those from Black and South Asian communities.

In the immediate aftermath of the first lockdown in March 2020, Sporting Equals supported their network of over 5,000 local, community-led groups to mitigate the impacts of the pandemic in areas of high ethnic diversity; providing food aid, medical aid, hygiene awareness, welfare checks and hundreds of other interventions. Feedback from ongoing consultation with these local organisations indicated that they were extremely concerned about their financial position and ability to continue delivering vital services, with several being forced to close permanently. Working with Sporting Equals, Oaks undertook a review of their organisational needs and built a partnership with Comic Relief and the National Emergencies Trust that resulted in the release of significant investment to this network throughout 2020 and a supporting capacity building programme focussed on immediate financial planning, access to government funding, and long-term sustainability planning.

In early 2021, Oaks again supported Sporting Equals to launch new partnerships with Sport England and Peloton to support the recovery of Black and South Asian communities, securing further investment into national sport and physical activity interventions that will be delivered by community-led groups across the country to help mitigate the health impact of the pandemic. Looking forward, together with Sporting Equals, Oaks is in the process of developing and launching a Sustainability Accelerator to help a cohort of community organisations serving ethnically diverse communities to build their skills, structures and capacity to receive more sustainable and diversified investment.

Rahul Bissoonauth - Board Director Oaks

ATFS - Top 100 Charity

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.

Richard Leighton - Director ATFS

More information on all case studies is available on the Group's website.

Principal risks and uncertainties

The principal risks currently faced by the Group are:

Financial risk

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.

Unfavourable economic conditions and/or changes to government policy

The impact of COVID-19 will affect the macro-economic environment for some time, although the stimulus provided by the government has helped businesses during the last year. The sectors that the Group operates within may see a reduction in business as clients spending on consultancy is curtailed. Local authorities continue to see significant pressure on budgets and may stop all consultancy contracts or commissioning work.

The Group mitigates these risks by ensuring that each subsidiary has diversity across its client base, not relying on any one client or group of clients.
Changes to government policy may adversely affect the Group. The Group ensures that it is aware of the impact of these changes and adapts its products and services to proactively respond to this risk.

The implementation of IR35 within the interim market was implemented on 1 April 2021. The Group has changed the way it works with clients although IR35 will continue to affect this part of the business.

COVID-19

The return to normal business may take longer than anticipated and the possibility of continued disruption and/or further waves could mean that procurement and commissioning of projects is delayed or cancelled.

Competition

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

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 and will commit to having Cyber Essential Plus status within the coming 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 and the UK unlocks further from the pandemic. Our international work will continue to be impacted due to international travel restrictions. It is hoped these will ease during the year.

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 Aquila has achieved Carbon Neutral Plus status within the year.

Further information is on the website.

Corporate and social responsibility

The Group recognises that we have a responsibility to ensure the impact of our business is positive. The Groups Corporate Social Responsibility policy can be seen on the website.

The Group has adopted policies 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.

Strategic Report (continued)

Corporate and social responsibility (continued)

The Groups subsidiaries provide pro-bono work and activities to identified charities throughout the year Examples include advice provided to a charity promoting diversity within the housing sector.

In 2020 Oaks staff chose to continue to support local charity Noah's Star for a second year, an organisation which allows parents to spend quality time with their sick and preterm babies without having to worry about their other children. Pre-pandemic, Noah's Star ran sibling support groups at Birmingham Women's and New Cross Hospitals, providing areas for children to play, and activities to occupy them whilst their parents spend time with their unwell child. They also ran a variety of services for the parents and facilitated peer-to-peer support opportunities.

The pandemic has had a huge effect on families of premature babies and their siblings. With severe restrictions in place on the neonatal units and siblings being unable to come to hospital, parents have had to choose which child to spend time with and have had to cope alone at hospital for days and hours on end. Being the amazing organisation they are, Noah's Star adapted incredibly well, translating their support services online, offering virtual playgroups for families to attend, as well as organising wellbeing sessions for parents to attend free of charge. They also launched a new counselling service for young people to help support them through a whole range of issues brought on not only by their family situation, but the pandemic as well.

Whilst the ability to actively fundraise through face-to-face events has been challenging, to support this charity

Oaks has raised much needed funds, which in addition to the pro-bono support achieved circa £8,000. Highlights in 20/21 include:

- Supported Noah's Star with their charity application to the Charity Commission
- An individual staff member raised over £2,600 through the Hockey Club
- Donation of a range of Christmas gifts for the volunteers who have continued to support families virtually throughout the pandemic
- Raised over £6,500 from grant applications

Business performance and position

Altair

This year has been one where the way we work has been altered dramatically with the restrictions of COVID-19. The team adapted extremely well to working from home and we have continued to operate in this way throughout the year. Our investment in IT has ensured that the transition went smoothly and our communication with clients was unaffected. We will continue this way of working until the restrictions lift and our clients are meeting consultants in person once more. We recognise that the changes we have made to the way we work will continue and in many cases we will not have to travel which in turn will help us in our objective of reducing our carbon footprint and retain our carbon neutral status.

The year saw changing demands on the consultancy business. We restructured at the start of the year to ensure we were as resilient as we could be as we entered the unknown of a global pandemic. Six colleagues left the business through redundancy and a further three were placed on furlough in April, returning full time at the beginning of August. The first three months of the financial year saw a slowdown in commissioning of new projects as clients focused on moving to their new ways of working, a significant shift for many.

Our international business was most affected as the pandemic continued and it is only in the last few months of the year that business has begun to return and we have been awarded two major contracts with the World Bank working in Kenya and Cameroon. We continue to work with our partners SWECO on the Green City Project in Rwanda and have also undertaken work for InfraCo during the year. Whilst we cannot travel to see our clients we conduct business virtually and we look forward to the future when transacting business will be 'in-person'.

During the year we focused on our core services: our property team, whilst continuing to work with housing associations nationwide also increased working with local authorities assisting to develop regeneration strategies for town centres, which will be so important in a post-COVID era. Our technical assets team has been strengthened to respond to the growing work with London housing providers as they deal with re-cladding issues post-Grenfell and implementing the policies coming from the Hackitt Review. Our governance, finance and risk work picked up after a quiet first quarter and we successfully launched two new digital products to assist housing providers and to streamline our services. We also took the opportunity to develop our transformation and change service and in the last quarter we recruited a Director of ITC and digital to work alongside colleagues delivering transformation services to the sector. We have further strengthened our offering with the recruitment of a Director of HR to complete our Change, People and IT service which won a number of significant contracts in the last three months of the financial year.

As we were working differently we increased our communications with clients and held a series of round table events and webinars so people could share their experiences and practices as we continued through lockdown.

The action we took at the beginning of the year, although difficult, has allowed us to plan for further growth in the coming year.

ATFS

This year was challenging due to the unprecedent impact of COVID-19 and, at the same time, integrating our new education sector team following the acquisition of the trade and assets of Finalysis last year. In response to COVID-19 we adopted home based working across the company and were able to retain all staff with none on furlough.

The education and housing sectors were impacted by lockdown differently, with education experiencing deferred and delayed consultancy projects. Cancellation of major conferences in the education sector frustrated business development and marketing, but we maintained the company's profile by using webinars and other digital opportunities. Housing was affected to a much lesser degree. This, together with work in the local authority sector and on other specialised advisory assignments enabled us to diversify and focus on our historic core business which underpinned performance for the year.

The coming year will be one of consolidation. We will implement succession plans, re-brand the company having integrated the recently acquired education team and will undertake further product development, particularly in the education sector. We will also continue to build diversification from local authority and other specialised project advisory activity.

Oaks

Despite the many challenges associated with COVID-19, Oaks maintained a consistent and positive progression. Domestically, they strengthened their position in both education and sport; a point emphasised by record levels of client retention and the securing of new high-profile partnerships across both sectors. Whilst a relatively new sector, Oaks have built a positive early reputation within social housing, particularly in the area of community investment. Oaks also continued to demonstrate agility by taking their strategic planning approach into the health sector, supporting the Lincolnshire Clinical Commissioning Group to develop and embed its future strategy. On the international stage Oaks continue to increase their reach and influence. In addition to a continued expansion in their UEFA strategic planning remit, they have recently been appointed as a UEFA Strategic Development Partner. Alongside this prestigious partnership, Oaks have secured commissions with the global sports charity Laureus Sport for Good and the European Clubs Association.

Although challenging, COVID-19 stimulated significant digital innovation and created many new ways of working, which will continue into future operations.

Strategic Report (continued)

Key performance indicators

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

Revenue

£7,642k

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

£1,640k

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

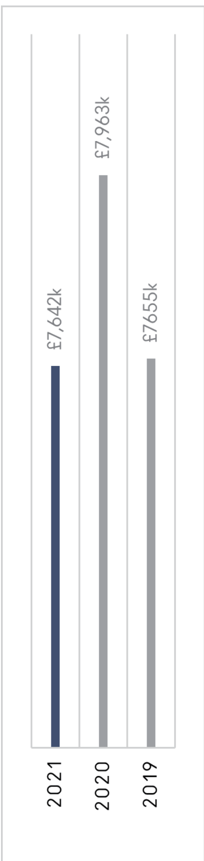
The target
To deliver growth in profit across all parts of the Group.

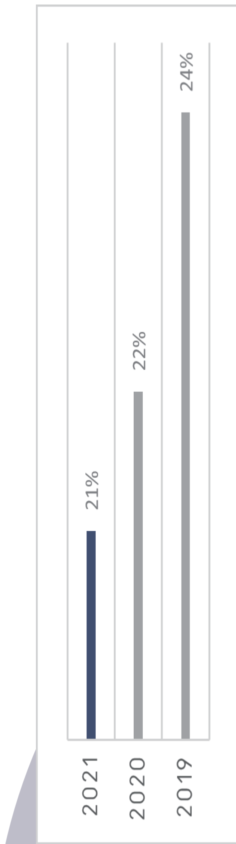
Gross profit margin

21%

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

£614k

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

£187k

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

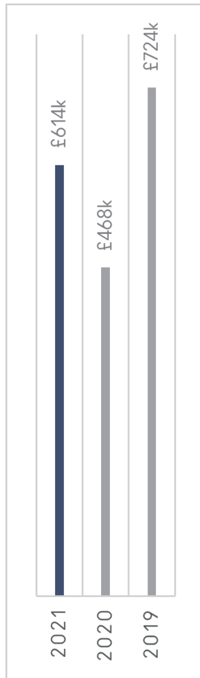
The target
To deliver sustainable long term growth in profit after tax.

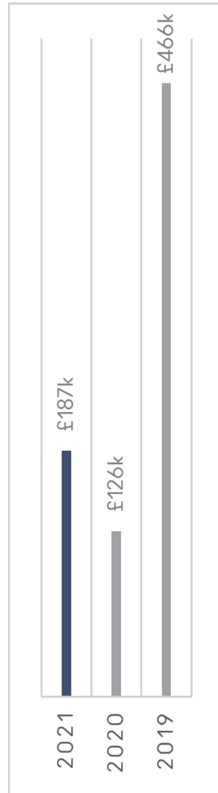
Earnings per share

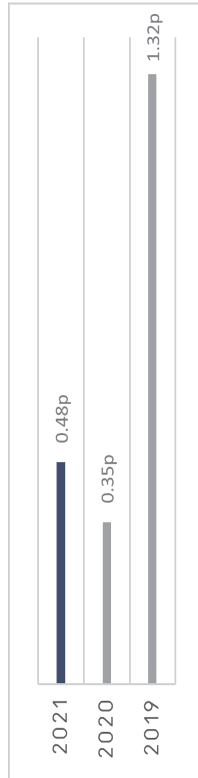
0.48p

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

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







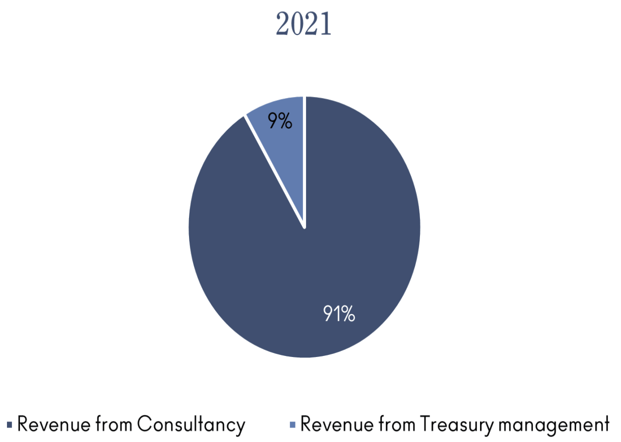
Underlying profit is shown as profit before share options charges, impairment of investments, acquisition costs, redundancy costs and costs of reorganisation. The Group uses this as a performance measure of "operational profits" providing a clearer measure year on year without the distortion of unusual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

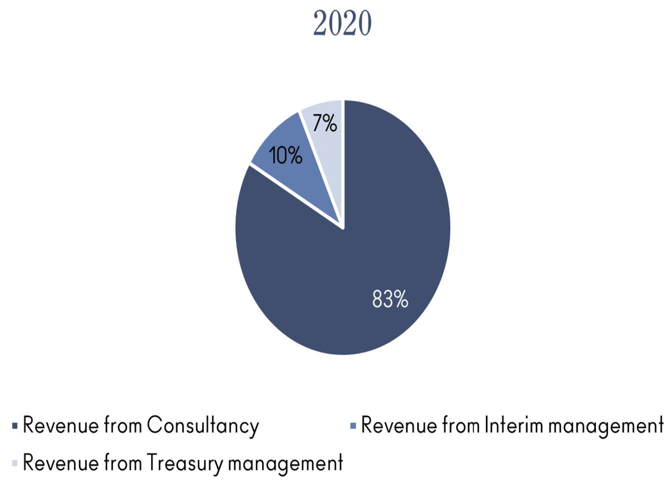
	31 March 2021	31 March 2020	31 March 2019
	£000	£000	£000
Underlying operating profit	**614**	**468**	**724**
Share option charge	(88)	(105)	(117)
Restructuring costs relating to COVID-19	(175)	(186)	-
Impairment of investments	(50)	-	-
Acquisition costs	-	(51)	-
Operating profit	**301**	**126**	**607**

Strategic Report (continued)

Key performance indicators (continued)

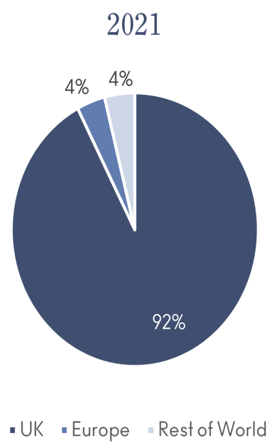
Turnover is split accross the different services as shown below.
The measure:
To track how income across the Group is generated

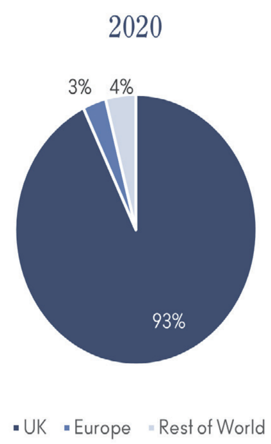




Geographic spread of income

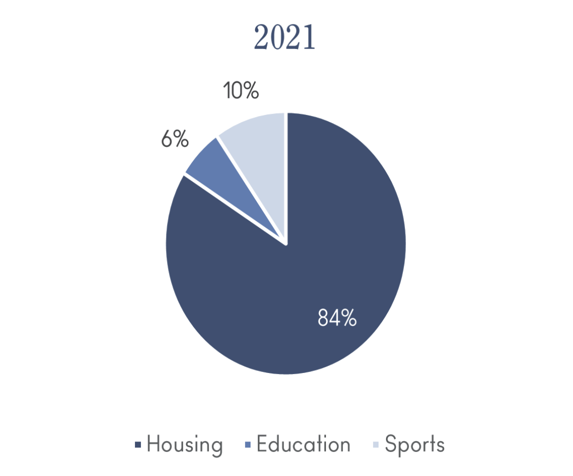
The measure:
To track where income across the Group is generated
The target:
To increase income from international markets

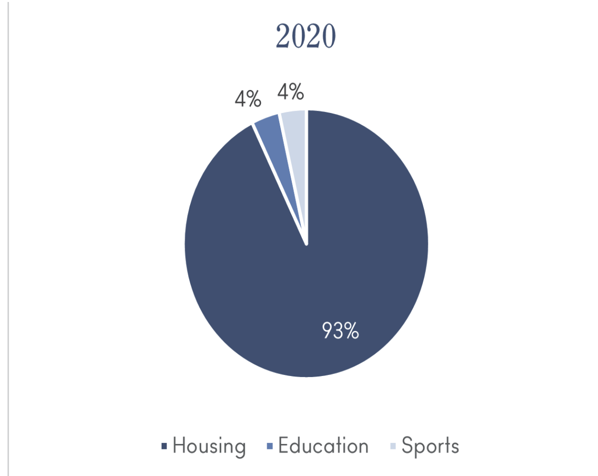




Spread of income by sector

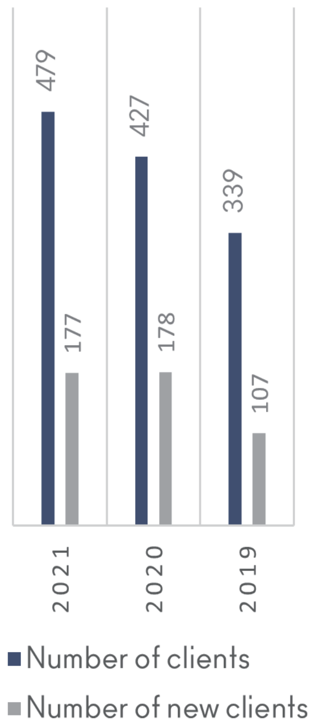
The measure:
To track income across the Group by sector
The target:
To increase market share in other sectors





Client numbers across the Group

479
The measure:
Increased client numbers year on year
The target:
To increase the number of clients that the Group deliver services to
Results:
The Group delivered services to 177 new clients in the year

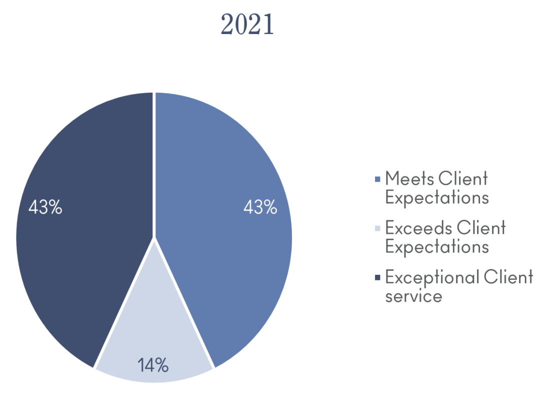


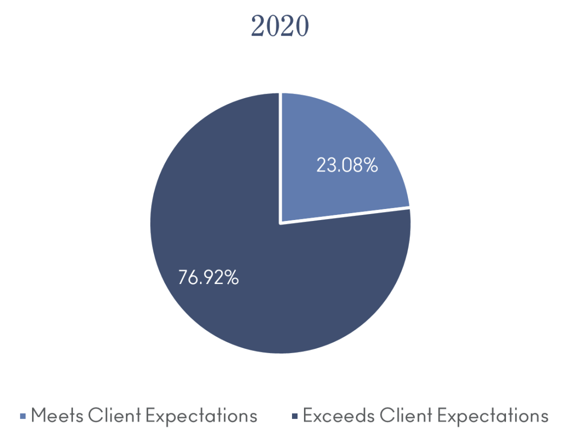
Strategic Report (continued)

Key performance indicators (continued)

Client satisfaction

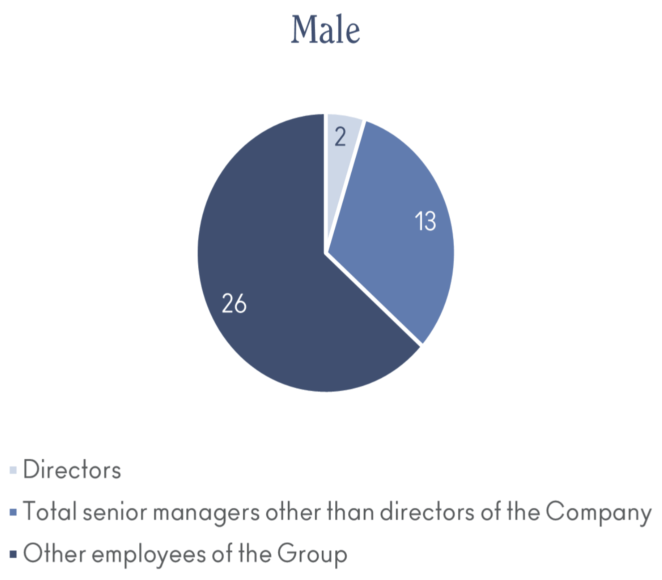
The measure:
To ensure all customers are satisfied with the services delivered across the Group. The Group included an additional measure during the year under review where clients are able to identify exceptional service
The target:
To exceed client expectation in delivery of services

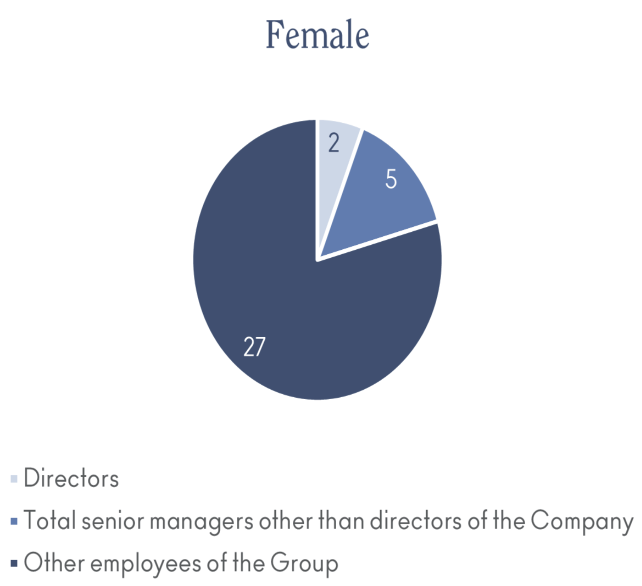


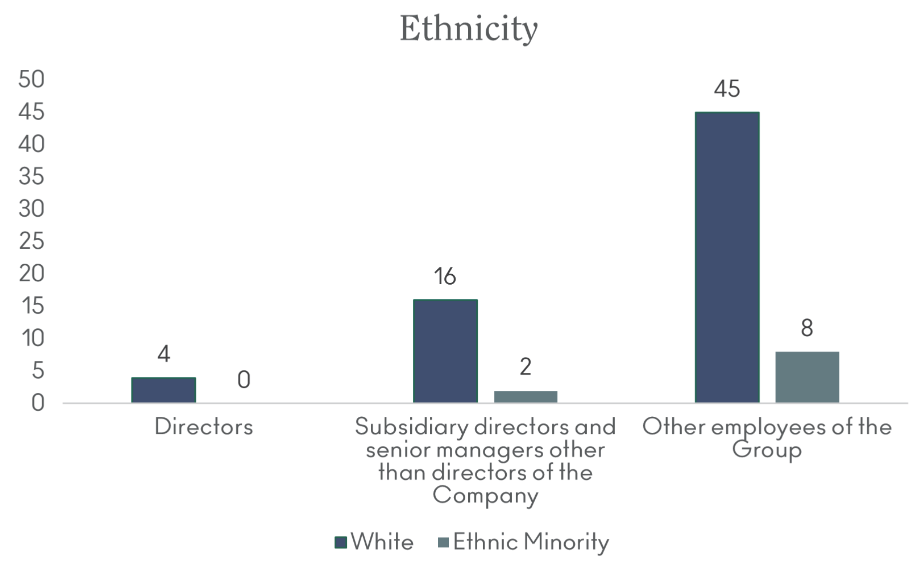


Employees

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







The Group consults with its employees regularly through direct updates and during the year has conducted multiple surveys and an annual review of staff; all 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. During the year under review this was unfortunately reduced due to COVID-19 restrictions.

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. Further work is being is done through the employee led EDI group holding the Board accountable for its policies on equality and diversity.

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 before the beginning of the financial year under review the Directors took immediate action and as a result a number of staff were made redundant, and some put on furlough. Cash balances were increased through the issue of new equity. The Group took advantage of the VAT deferral scheme which is being paid back over 10 months. The Group has no borrowings.

The Directors are confident that the Company remains strong and viable with adequate financial resources together with long standing relationships with its clients and a diverse portfolio of contracts. The main costs to the business are staffing costs which are monitored regularly to ensure profitability.

Based on the results of these analyses, 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.

Approved by the Board and signed on its behalf.

Dr Fiona Underwood – Executive Director
23 June 2021

Directors' Report

The Directors present their report and consolidated financial statements for the year ended 31 March 2021.

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 19.

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 2021 are set out from page 40.

Dividend

The directors propose a final dividend of 0.4p per share for the year end (2020: Nil). The total dividend for the year was 0.55p per share (0.15p was paid as an interim dividend in December 2020) this compares to a total dividend of 0.30p per share in 2020.

Directors

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

Derek Joseph	Executive Chair	
Fiona Underwood	Executive Director	
Claire Banks	Group Finance Director and Company Secretary	
Richard Wollenberg	Non-Executive Director	
Steven Douglas	Group Chief Executive	Resigned 7 April 2020

Substantial shareholdings

As at 31 March 2021, the Company was aware of the following notifiable interests in its voting rights:

	Number of Ordinary shares	**Percentage of voting rights**	**Nature of holding**
Richard Wollenberg*	4,563,406	11.42%	Direct
Derek Joseph	3,545,408	8.87%	Direct
Fiona Underwood**	3,479,440	8.71%	Direct
Susan Kane	3,279,440	8.21%	Direct
Chris Wood	3,182,440	7.96%	Direct
Steven Douglas	2,913,435	7.29%	Direct
Jeffrey Zitron	2,798,403	7.00%	Direct
Matt Carroll	1,277,229	3.20%	Direct
Hannah Breitschadel	1,307,229	3.27%	Direct
Mark Walker	1,296,239	3.24%	Direct
Adam Walker	1,248,176	3.12%	Direct

*Includes shares held by immediate family members of Richard Wollenberg
**Includes shares held by persons closely associated with Fiona Underwood.
The Company is not aware of any changes to the above holdings between 31 March 2021 and the date of this report.

Corporate Governance Statement

The Directors' Report incorporates the Corporate Governance Statement set out on pages 22 to 25.

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 22 to 25.

Post balance sheet events

There are no post balance sheet events.

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).

Greenhouse gas emissions

The Group/Company has 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. The Group achieved Carbon Neutral Plus status for the year ended March 2020, the results of which are published on the Company website.

Auditor

Crowe U.K. 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 U.K. 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
23 June 2021

Corporate Governance Statement

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

The statement below, together with the report on directors' remuneration on page 26, explains how the Company has observed principles set out in the FRC Code as relevant to the Company and contains the information required by section 7 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Where the Company has not been able to comply with the FRC code an explanation has been provided.

The Group Board is committed to maintaining appropriate standards of corporate governance. During the financial year under review the Board compared the FRC code with the Quoted Companies Alliance (QCA) Corporate Governance Code in relation to the Group's needs. On the basis that the QCA code is better suited to the size and the nature of the Group, the board agreed to adopt the QCA code for the year commencing 01 April 2021.

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.

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 will continue to create further employee led groups as required.

The structure of the board and committees and their respective responsibilities are detailed as follows:

Board governance framework

At the date of this report the Board comprises of: A 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
- Delegating the management of the day-to-day operation of the business to the subsidiary boards

The Group board met eleven 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.

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 policies 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 three times in the year. Its members are: Derek Joseph, Richard Wollenberg and Fiona Underwood.

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 twice during the year. Its members are: Derek Joseph and Richard Wollenberg. The report of the Remuneration Committee is set out on pages 26 to 32 of this report.

Nominations Committee

The primary responsibilities of the nominations Committee are to:

- 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;
- Identify and nominate, for the approval of the board, candidates to fill the board vacancies as and when they arise; and
- Evaluate the balance of skills, knowledge, experience and diversity on the board before any appointment is made by the board, and, in the light of this, prepare a description of the role and capabilities required for a particular appointment.

The Nominations Committee, in conjunction with Board meetings, met several times during the financial year. Its members are: Derek Joseph and Richard Wollenberg.

Subsidiary Boards

The key responsibilities of the subsidiary boards are to:

- Be 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.

Employee led groups

Green Group

Responsible for driving Aquila's sustainability agenda.

EDI Group

Responsible for driving Aquila's Equality, diversity and inclusion agenda.

Corporate Governance Statement (continued)

Attendance at Boards

Director	Board	Audit Committee	Remuneration Committee	Nominations Committee
Total number of meetings	11	3	2	2
Derek Joseph	11	3	2	2
Richard Wollenberg	11	3	2	2
Fiona Underwood	11	3	-	-
Claire Banks	11	-	-	-

Board directors

The Board is aware that to ensure compliance with the FRC code the board should comprise at least two independent directors. Due to the impact of COVID-19 and the subsequent departure of Steve Douglas, Group CEO, on 7 April 2020 Derek Joseph took on the role of Executive Chair, previously a non-executive director. At the time the Board agreed not to replace the Group CEO.

The nominations committee has reviewed and recommended to the board the appointment of Fiona Underwood who has assumed the position of Group Managing Director. The nominations committee continues to review the composition of the Group board and its succession plan.

As the Group's non-executive director, Richard Wollenberg acts as a sounding board for the chair and as an intermediary to other directors and shareholders. Whilst Mr Wollenberg is a major shareholder and therefore not considered independent, he continues to offer constructive challenge, strategic guidance and holds management to account. During the year 2021-22 the Board is planning to recruit an independent Non-Executive director to the board. 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 2021, these totalled £51k. (2020: £24k).

Derek Joseph is a director of AssetCore. Both Derek Joseph and Richard Wollenberg are shareholders of AssetCore, in which the Group has a 5.3% shareholding.

Claire Banks was a board member of 3C Consultants Limited during the time the Group held its investment within the associate company and resigned on 28 September 2020.

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 subject to COVID restrictions to 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 are present at the Annual General Meeting, which will currently be held virtually.

Composition, succession and evaluation

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

During the year the Board intended to make non-executive Board appointments, however due to the ongoing pandemic and restrictions in place this was not possible and further consideration will be given during the year ended March 2022.

During the year ended 31 March 2021, 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 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 all fees 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:

- keeping adequate accounting 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 policy that was approved by the shareholders at the 2020 annual general meeting and has been implemented during the year under review.

The policy is available for review on the Company's website.

Statement from the Chair

I am pleased to present the Annual Report on Remuneration for the year ended 31 March 2021.

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's 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 twice during the year to discuss the executive directors' remuneration, including bonus and share option awards.

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. The award of share options may also be a consideration. This links their personal interest to the success of the company.

Richard Wollenberg
Chair of the Remuneration Committee
23 June 2021

The information provided on pages 27 to 29 of the Directors' Remuneration Report relating to Executive and Non-Executive remuneration, incentive schemes and share options is subject to audit.

Annual report on remuneration

The directors followed the remuneration policy agreed at the AGM in 2020. The original version of the policy is set out in the 2020 annual report and is available on the Company's website.

Director changes

Steven Douglas resigned as a board director on 7 April 2020.

Executive directors' remuneration payable as a single figure (2021)

	Salary and fees	Benefits **	Annual bonuses	LTIP	Pension	Total
	£	£	£		£	£
Steven Douglas*	92,983	-	-	-	4,350	97,333
Fiona Underwood	145,000	1,645	22,500	-	8,700	177,845
Claire Banks	100,000	1,213	10,000	-	6,000	117,213
Derek Joseph***	61,481	-	-	-	-	61,481
Total	399,464	2,858	32,500	-	19,050	453,872

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

	Salary and fees	Benefits **	Annual bonuses	LTIP	Pension	Total
	£	£	£	£	£	£
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
	364,000	3,779	13,500	-	21,810	403,089

*The amounts for Mr Douglas include £85,205 of salaries and £4,350 pension accrued in 2019-20 and paid in 2020-21

**Benefits include private medical insurance

Non-executive directors' remuneration payable as a single figure (2021)

	Salary and fees	Benefits	Annual bonuses	LTIP	Pension	Total
	£	£	£	£	£	£
Richard Wollenberg	4,000	-	-	-	-	4,000
Total	4,000	-	-	-	-	4,000

Directors' Remuneration Report (continued)

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
	38,153	-	-	-		38,153

***Included within the fees for Derek Joseph are £51k (2020: £24k) of consultancy fees. For the year ended 31 March 2021 Derek Joseph took the role of executive chair, previously he was a non-executive.

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 2021, 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 2021.

Executive Incentive Scheme
The scheme, which is discretionary for executive group board directors, is dependent on the performance target for the year, as set out in the remuneration policy. The scheme comprises two elements:

1. An unconsolidated bonus award of up to 30% of basic salary, this is made up of a personal target of up to 20% and 10% on Group profit targets, and

2. A share option award of up to 30% of salary (based on the mid-market share price on the date the accounts are signed) which forms part of the long-term incentive plan (LTIP) of the scheme.

2020-21 award
The remuneration comittee assessed the performance of the group executive directors against the target and the committee's decision is shown below.

	Target Performance[1]	Actual Performance	Maximum Possible award	2020/21 Unconsolidated bonus award - Executive Director	2020/2021 Unconsolidated personal bonus award - Group Finance Director
Cash based award	£514k	£600k	£44k	£22.5K	£10K
Share option award	£514k	£600k	£44k	£Nil	£Nil

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

1 2020-21 Profit before tax and excluding share option charge plus 10%

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:

	Number of ordinary shares	Interest in share options: With performance measures	Without performance measures	Vested but unexercised	Exercised during the year
Richard Wollenberg[1]	4,563,406	-	-	-	515,000
Derek Joseph	3,545,408	-	-	-	309,000
Fiona Underwood[2]	3,479,440	50,000	100,000	275,050	-
Claire Banks	48,315	-	-	52,315	-
Steven Douglas	2,913,435	-	100,000	275,050	-

The information provided on pages 29 to 32 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	92,983	-	-	-	Nil

This compares to the total percentage increase from 2020 to 2021 for all staff within the Group of Nil%.

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 2020 and 31 March 2021.

	2021	2020	Change
	£'000	£'000	%
All employee remuneration	5,067	5,351	(5%)
Total dividend per share	0.55p	0.30p	83%
Distributions to shareholders	219	106	107%

[1] Includes shares held by immediate family members of Richard Wollenberg
[2] Includes shares held by persons associated with Fiona Underwood

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; as part of the work undertaken by the Employee led EDI group this data will be published 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 2020 was approved by shareholders at the Annual General Meeting held on 29 July 2020. The Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting held on 29 July 2020.

Directors' remuneration report (2020 Annual General Meeting)	**% of votes cast**
For	98%
Against	2%
Abstention	0%
Total votes cast	100%

Directors' remuneration policy (2019 Annual General Meeting)	**% of votes cast**
For	91%
Against	0%
Absention	9%
Total votes cast	100%

Policy report
Implementation of remuneration policy in the following year
The remuneration policy was approved at the AGM on 29 July 2020 for implementation for the year ended 31 March 2021. All the provisions in the policy continue to apply.

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**
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.
Benefits	To provide a range of cost-effective benefits which are inline with the market. Benefits include: • Private Medical Insurance • Permanent Health Insurance • Life Insurance	None
Pensions	Pension benefits are provided through a Group personal pension plan at 6% of sala-ries.	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.
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.

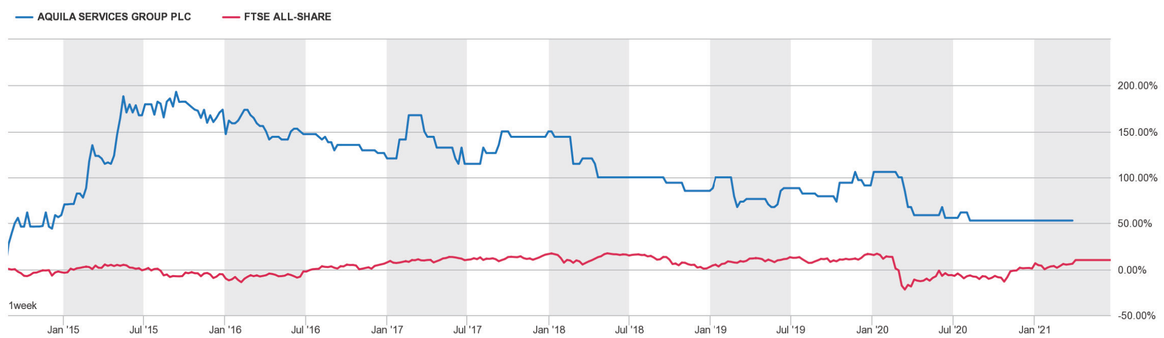
Approach to recruitment remuneration
The committee's approach to recruitment is to offer a market competitive remuneration package sufficient to attract high calibre candidates who are appropriate to the role but without paying any more than is necessary.

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 director's 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
23 June 2021

Statement of Directors' Responsibilities

The directors (whose names and functions are set out on page 20) 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 pursuant to Regulation (EC) No 1606/2002 as it applies in 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 pursuant to Regulation (EC) No 1606/2002 as it applies in 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 pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the 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 they face.

Claire Banks
Group Finance Director
On behalf of the Board
23 June 2021

Independent Auditor's 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 2021 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 pursuant to Regulation (EC) No 1606/2002 as it applies in 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 Parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included the following:

- obtaining management's going concern assessment and challenging, where appropriate, the assumptions used;
- testing the mathematical accuracy of the models used by management in their assessment and considering the reasonableness of those models, including comparison to actual results achieved in the year and the evaluation of downside sensitivities; and
- discussing with management and evaluating their assessment of the Group and the Company's liquidity requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 Group financial statements as a whole to be £52,000 (2020: £50,000) and the overall materiality for the Parent Company is £29,000 (2020: £37,500), assessed with reference to profit before tax and having regard to underlying operating profit and 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. Performance materiality was set at 75% of materiality for the financial statements as a whole, which equates to £39,000 (2020: £37,500) for the group and £21,250 (2020: £28,125) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed with the Audit Committee to report to it all identified misstatement in excess of £2,000 (2020: £2,000). 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 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.

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.

We set out below those matters we identified as key audit matters. We also considered going concern to be a key audit matter and our observations on this area are set out in the conclusions relating to going concern section of the audit report. This is not a complete list of all risks identified by our audit.

Independent Auditor's Report to the Members (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of goodwill (Group) **Accounting policy (page 53) and Note 10 of the financial statements** At 31 March 2021, the group has goodwill with a carrying value of £3,317,000. In carrying out impairment reviews, management use assumptions and estimates of future trading performance in the cash generating units which create estimation uncertainty. The significant assumptions include forecast revenues, gross margin, future overheads and the discount rate. Management has disclosed the results of its sensitivity analysis in Note 10.	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 considered how sensitive the impairment assessment was by applying alternative assumptions and compared the results to those from management. This assisted us in understanding the conditions when an impairment would need to be recognised. Based on the evidence obtained, we are satisfied with management's assessment that no further impairment charge is required in respect of goodwill.
Investments (Group and Company) **Accounting policy (page 49) and Note 14 of the financial statements** At 31 March 2021 the group and parent company have an investment with a carrying amount of £71,000. During the year Management has recognised an impairment of £50,000. There is a risk that the impairment charge is inadequate.	We obtained details of Management's valuation of the investment and challenged the basis of the valuation and the judgements and estimates within it. We examined alternative valuation bases and considered whether any of those bases would have been more appropriate. Based on the work we conducted, we are satisfied that the impairment charge recognised is appropriate and adequate.
Revenue recognition (Group) **Accounting policy (pages 48-49) and Note 4 to the financial statements** Group revenue for the year ended 31 March 2021 was £7,642,000. There is a risk that revenue recognised in the financial statements is not recognised in accordance with the group's accounting policy and is not in accordance with the requirements of IFRS 15.	We confirmed revenue is recognised in accordance with 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; • reviewing the estimates and judgements in respect of contract assets and contract liabilities to ensure they were reasonable and applied consistently; and • assessing the adequacy of the disclosures made in the financial statements. Based on our audit procedures we did not identify any material misstatement of revenue and no evidence of inappropriate management override in the recording, presentation or recognition of revenue or exercise of related judgements.

Key audit matter	How the scope of our audit addressed the key audit matter
Recoverability of trade receivables (Group) **Accounting policy (page 50), Note 15 of the financial statements** Trade receivables of the group at 31 March 2021 were £1,862,000. Given the current economic environment arising from the Covid-19 pandemic, there is an increased risk of clients not being able to pay for services delivered and there is inadequate provision against trade receivables.	We reviewed cash received after 31 March 2021 for a sample of debtor balances. For amounts not yet received, we considered whether the debt had become irrecoverable and required provision. We reviewed the aged analysis of trade debtors and discussed balances overdue by 90 days or more at the year end and unpaid at the date of testing. We reviewed management application of expected credit loss under IFRS 9. Based on the evidence obtained we are satisfied that there is appropriate provision against trade receivables.

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.

Other information
The directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements. 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.

Independent Auditor's Report to the Members (continued)

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 33, 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, FCA Rulebook and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, inappropriate revenue recognition and judgement surrounding the carrying value of goodwill. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, corroborating amounts recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under the relevant accounting standards and applicable law.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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 year ending 31 March 2019 and subsequent financial period. Our total uninterrupted period of engagement is less than three years, covering the years ending 31 March 2019 to 31 March 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group 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 U.K. LLP
55 Ludgate Hill
London
EC4M 7JW
23 June 2021

Consolidated Statement of Comprehensive Income for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Revenue	4	7,642	7,963
Cost of sales	5	(6,002)	(6,211)
Gross profit		1,640	1,752
Administrative expenses	5	(1,339)	(1,626)
Operating profit		301	126
Finance income	4	-	1
Release of contingent consideration	10	-	555
Impairment of goodwill	10	-	(555)
Share of profits from associate	13	-	51
Loss on disposal of associate	13	(25)	-
Profit before taxation	6	276	178
Income tax expense	8	(89)	(52)
Profit for the year		187	126
Other comprehensive income		-	-
Total comprehensive income for the year		187	126
Earnings per share attributable to owners of the parent			
Basic	9	0.48p	0.35p
Diluted	9	0.45p	0.32p

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

Consolidated Statement of Financial Position as at 31 March 2021

	Notes	Group 2021 £'000	Group 2020 £'000
Non-current assets			
Goodwill	10	3,317	3,317
Property, plant and equipment	11	394	518
Investment in associates	13	-	278
Investments	14	71	121
		3,782	4,234
Current assets			
Trade and other receivables	15	2,273	2,387
Cash and bank balances		2,127	828
		4,400	3,215
Current liabilities			
Trade and other payables	16	1,929	1,683
Lease liabilities	16	85	79
Corporation tax		89	76
		2,103	1,838
Net current assets		2,297	1,377
Non-current lease liabilities	17	284	369
Net assets		5,795	5,242
Equity			
Share capital	18	1,998	1,897
Share premium account	18	1,712	1,475
Merger reserve	18	3,042	3,042
Share-based payment reserve	21	580	769
Retained losses		(1,537)	(1,941)
Equity attributable to the owners of the parent		5,795	5,242

The financial statements were approved by the board on 23 June 2021.

Claire Banks - Group Finance Director

Company Statement of Financial Position as at 31 March 2021

	Notes	Company 2021 £'000	Company 2020 £'000
Non-current assets			
Property, plant and equipment	11	-	16
Investment in subsidiaries	12	4,170	4,082
Investment in associates	13	-	227
Investments	14	71	121
		4,241	4,446
Current assets			
Trade and other receivables	15	1,304	708
Cash and bank balances		415	13
		1,719	721
Current liabilities			
Trade and other payables	16	393	505
		393	505
Net current assets		1,326	216
Net assets		5,567	4,662
Equity			
Share capital	18	1,998	1,897
Share premium account	18	2,341	2,104
Share-based payment reserve	21	580	769
Retained earnings/ (losses)		648	(108)
Equity attributable to the owners of the parent		5,567	4,662

As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account. The company's profit for the year was £539k (2020: £200k).

The financial statements were approved by the board and authorised for issue on 23 June 2021.

Claire Banks – Group Finance Director

Company Registration No. 08988813

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Share based payment reserve £'000	Retained losses £'000	Total equity £'000
Balance at 1 April 2019	1,765	1,487	2,413	668	(1,730)	4,603
Issue of shares	132	(12)	629	-	-	749
Transfer on reserves	-	-	-	(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**
Balance at 1 April 2020	**1,897**	**1,475**	**3,042**	**769**	**(1,941)**	**5,242**
Issue of shares	101	237	-	-	-	338
Transfer on reserves	-	-	-	(277)	277	-
Total comprehensive income	-	-	-	-	187	187
Share based payment charge	-	-	-	88	-	88
Dividend	-	-	-	-	(60)	(60)
Balance at 31 March 2021	**1,998**	**1,712**	**3,042**	**580**	**(1,537)**	**5,795**

Company Statement of Changes in Equity for the year ended 31 March 2021

	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
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 reserves	-	-	(4)	4	-
Share based payment charge	-	-	105	-	105
Dividend	-	-	-	(341)	(341)
Balance at 31 March 2020	**1,897**	**2,104**	**769**	**(108)**	**4,662**
Balance at 1 April 2020	**1,897**	**2,104**	**769**	**(108)**	**4,662**
Issue of shares	101	237	-	-	338
Total comprehensive income	-	-	-	539	539
Transfer on reserves	-	-	(277)	277	-
Share based payment charge	-	-	88	-	88
Dividend	-	-	-	(60)	(60)
Balance at 31 March 2021	**1,998**	**2,341**	**580**	**648**	**5,567**

Consolidated Statement of Cash Flow for the year ended 31 March 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Profit for the year	187	126
Interest received	-	(1)
Income tax expense	89	52
Share based payment charge	88	105
Profit from associate	-	(51)
Release of contingent consideration	-	(555)
Impairment of goodwill	-	555
Loss on disposal of associate	25	-
Change in fair value of investments	50	-
Depreciation	131	134
Operating cash flows before movement in working capital	570	365
Decrease in trade and other receivables	114	122
Increase/(decrease) in trade and other payables	246	(257)
Cash generated by operations	930	230
Income taxes paid	(75)	(139)
Net cash inflow from operating activities	855	91
Cash flows from investing activities		
Interest received	-	1
Purchase of property, plant and equipment	(7)	(32)
Purchase of subsidiary	-	(544)
Proceeds from sale of associate	252	-
Net cash inflow/(outflow) from investing activities	245	(575)
Cash flows from financing activities		
Lease liability payments	(79)	(66)
Proceeds of share issue	338	-
Dividends paid	(60)	(341)
Net cash inflow/(outflow) from financing activities	199	(407)
Net increase / (decrease) in cash and cash equivalents	1,299	(891)
Cash and cash equivalents at beginning of the year	828	1,719
Cash and cash equivalents at end of the year	2,127	828

Company Statement of Cash Flow for the year ended 31 March 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Profit for the year	539	200
Dividends received	(1,122)	(461)
Interest received	-	(1)
Profit on disposal of associate	(26)	-
Change in fair value of investment	50	-
Depreciation	16	21
Operating cash flows before movement in working capital	(543)	(241)
(Increase) / Decrease in trade and other receivables	(597)	379
(Decrease) in trade and other payables	(110)	(37)
Cash (outflow)/ inflow generated by operations	(1,250)	101
Net cash (outflow)/inflow from operating activities	(1,250)	101
Cash flows from investing activities		
Interest received	-	1
Dividends received	1,122	461
Acquisition of subsidaries	-	(544)
Proceeds from sale of associate	252	-
Net cash (outflow)/inflow from investing activities	1,374	(82)
Cash flows from financing activities		
Proceeds of share issue	338	-
Dividends paid	(60)	(341)
Net cash outflow from financing activities	278	(341)
Net decrease in cash and cash equivalents	402	(322)
Cash and cash equivalents at beginning of the year	13	335
Cash and cash equivalents at end of the year	415	13

Notes to the Financial Statements for the year ended 31 March 2021

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 Accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, 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

When COVID-19 struck before the beginning of the financial year under review the Directors took immediate action and as a result a number of staff were made redundant, and some put on furlough. Cash balances were increased through the issue of new equity. The Group took advantage of the VAT deferral scheme which is being paid back over 10 months. The Group has no borrowings.

The budgets and cashflow forecasts that have been produced and reviewed demonstrate that the Group is forecast to generate profits and cash in the year ended 31 March 2022 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.

Notes to the Financial Statements (continued) for the year ended 31 March 2021

2. Accounting policies (continued)

Government furlough scheme
The Company took advantage of the Governments furlough scheme and furloughed seven employees, all whom have now returned to work. The monies received have been offset against the employee costs.

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 affect 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 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 contract assets 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:

Leasehold improvement	Over unexpired term of lease
Right of use assets	Over unexpired term of lease
Leasehold improvements	5 years
Fixtures, fittings and equipment	3-4 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.

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.

Investments
Investments are held at cost and reviewed annually for impairment.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position 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.

Notes to the Financial Statements (continued) for the year ended 31 March 2021

2. Accounting policies (continued)

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 FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL 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 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.

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 accounts for leases under IFRS 16. Leases are accounted for on a 'right-of-use model' reflecting that, at the commencement date, the Company as a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. The financial obligation is recognised as a lease liability, and the right to use the underlying asset is recognised as a right-of-use asset. The right-of-use assets are recognised within property, plant and equipment on the face of the financial position and are presented separately in note 9.

The lease liability is initially measured at the present value of the lease payments using the rate implicit in the lease or, where that

Notes to the Financial Statements (continued) for the year ended 31 March 2021

2. Accounting Policies (continued)

Leases (continued)

cannot be readily determined, the incremental borrowing rate. Subsequently the lease liability is measured at amortised cost, with interest increasing the carrying amount and lease payments reducing the carrying amount. The carrying amount is re-measured to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

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.

Subsequently the right-of-use asset is measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost on a straight line-basis over the lease term.

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

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 reporting 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.

Prior year adjustment

In the parent company balance sheet an adjustment has been made to transfer the amount of £130k from investments in subsidiaries to amounts due from group undertakings, this adjustment is to correct the accounting treatment of the hive up of the trade and assets of the acquisition in the previous year.

Adoption of new and revised standards

No new standards were adopted in the year.

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.

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). Work in progress is accounted for under contract assets.

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 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 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).

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

The Group does not have any intangible assets from acquisitions.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting 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.

Notes to the Financial Statements (continued) for the year ended 31 March 2021

3. Critical accounting estimates and judgements (continued)
Impairment of goodwill (continued)

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% has been used.

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

Sensitivities have been applied to all assumptions.

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 2021 taking into account all additional information relating to market participant assumptions that is reasonably available and concluded that there is an impairment of the unquoted investment and has restated its fair value.

4. Revenue and finance income

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

	2021	2020
	£'000	£'000
Continuing operations - rendering of services		
Specialist housing consultancy income	5,961	6,729
Treasury management income	657	528
Specialist sports and education consultancy income	1,024	706
	7,642	7,963

5. Operating segments

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

The principal activities of the Group are as follows:

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

Within this segment of the business several client organisations enter fixed period retainers to ensure immediate call-off of the required services.

In previous years the Group had three main reporting segments the third being that of interim management. The introduction of IR35 had an impact on the interim business, with clients changing the way that they resourced executive vacancies, choosing to source in-house rather than through professional service firms. The Group took a strategic decision not to actively pursue this revenue stream and concentrate on the main operating segment of consulting and treasury management, as a result, the turnover for interim management is no longer considered by management to be a significant segment of the business.

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 executive directors for the purpose of resource allocation and assessment of segment performance.

	2021	2020
	£'000	£'000
Revenue from Consultancy	6,985	6,640
Revenue from Interim management	-	795
Revenue from Treasury management	657	528
	7,642	7,963
Cost of sales from Consultancy	5,436	5,315
Cost of sales from Interim management	-	574
Cost of sales from Treasury management	566	322
	6,002	6,211
Gross profit from Consultancy	1,549	1,325
Gross profit from Interim management	-	221
Gross profit from Treasury management	91	206
	1,640	1,752
Administrative expenses	(1,339)	(1,626)
Operating profit	301	126

Within consultancy revenues, approximately 8% (2020: 7%) has arisen from the segment's largest customer; within treasury management 26% (2020: 26%).

Notes to the Financial Statements (continued) for the year ended 31 March 2021

5. Operating segments (continued)
Geographical information

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

	2021 £'000	2020 £'000
UK	7,057	7,368
Europe	401	279
Rest of World	184	316
	7,642	7,963

6. Profit before taxation

	2021 £'000	2020 £'000
Profit before taxation is arrived at after charging:		
Auditor's remuneration (see below)	49	42
Depreciation of property, plant and equipment (see note 11)	38	63
Depreciation of leasehold property (see note 11)	93	71
Staff costs (see note 7)	5,067	5,351
Significant reorganisation costs *	175	186
Acquisition related costs	-	51

* Significant restructuring costs include staff related costs of £175k (2020: £186k) arising from the redundancy costs relating to COVID-19.

Breakdown of auditor's remuneration

	2021 £'000	2020 £'000
Auditor's remuneration		
Fees payable to the Company's auditors for the audit of the parent Company	30	23
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	19	19
	49	42

7. Staff costs

	2021	2020
The average monthly number of employees (including directors) employed by the Group was:	76	74

	2021 £'000	2020 £'000
Aggregate remuneration (including directors)		
Wages and salaries	4,250	4,542
Share-based payments	88	105
Pension contributions	203	215
Social security costs	526	489
	5,067	5,351

The above amounts are net of £60k relating to income received from the Governments furlough scheme.

	2021 £'000	2020 £'000
Directors' remuneration		
Salary (including taxable benefits)	435	396
Share-based payments	8	20
Pension contributions	19	22
	462	438

Two directors (2020: three) are members of the company's defined contribution pension scheme.

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

	£'000	£'000
Salary (including taxable benefits)	169	146
Share-based payments	5	8
Pension contributions	9	9
	183	163

Notes to the Financial Statements (continued) for the year ended 31 March 2021

7. Staff costs (continued)
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.

	2021	2020
	£'000	£'000
Wages and salaries	1,197	664
Share-based payments	23	29
Post-retirement benefits	44	22
	1,264	715

8. Taxation

	2021	2020
	£'000	£'000
Corporation tax:		
Current year	89	52

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

	2021	2020
	£'000	£'000
Profit before taxation	276	178
Tax at the UK corporation tax rate of 19% (2019: 19%)	52	34
Post tax income from associate	-	(9)
Expenses not deductible	37	27
Tax expense for the year	89	52

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.

	2021	2020
	'000	**'000**
Profit after tax attributable to owners of the parent	187	126
Weighted average number of shares	**'000**	**'000**
- Basic	39,282	36,285
- Diluted	41,602	41,665
Basic earnings per share	0.48p	0.35p
Diluted earnings per share	0.45p	0.32p

10. Goodwill

Group	**Goodwill**
	£'000
Cost	
At 1 April 2019	2,028
Additions	1,844
At 31 March 2020	3,872
Additions	-
At 31 March 2021	**3,872**
Accumulated impairment losses	
At 1 April 2019	--
Impairment loss for the year	(555)
At 31 March 2020	(555)
Impairment losses for the year	-
As 31 March 2021	**(555)**
Net book value	
At 1 April 2019	2,028
At 1 April 2020	3,317
At 31 March 2021	**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. Each Subsidiary is considered to be the cash generating unit for the purpose of impairment review.

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

Notes to the Financial Statements (continued) for the year ended 31 March 2021

10. Goodwill (continued)

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 five years, based on growth rates of between 0% and 15% per annum; this is based on past performance and expected future activity. A discount rate of 11% and a terminal value of 1.0% has been used.

Sensitivity analysis has been performed on the value in use calculations, holding all other variables constant to:

- Apply a 2-6% reduction to the forecasted turnover
- Apply an increase in the discount rate to 25%.

The sensitivities applied do not provide reasonable possible changes and therefore no impairment has been made.

11. Property, plant and equipment

Group	Right of use assets £'000	Leasehold improvement £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 April 2019	-	-	34	138	172
Additions	514	27	11	28	580
At 31 March 2020	514	27	45	166	752
Additions	-	-	-	7	7
At 31 March 2021	514	27	45	173	759
At 1 April 2019	-	-	24	76	100
Charge for the year	65	6	14	49	134
At 31 March 2020	65	6	38	125	234
Charge for the year	88	5	3	35	131
At 31 March 2021	153	11	41	160	365
Net book value					
At 1 April 2019	-	-	10	62	72
At 31 March 2020	449	21	7	41	518
At 31 March 2021	361	16	4	13	394

Company	Computer equipment £'000
Cost	
At 1 April 2019	64
Additions	-
At 31 March 2020	64
Additions	-
At 31 March 2021	**64**
Accumulated depreciation	
At 1 April 2019	27
Charge for the year	21
At 31 March 2020	48
Charge for the year	16
At 31 March 2021	**64**
Net book value	
At 1 April 2019	37
At 31 March 2020	16
At 31 March 2021	**-**

12. Investment in subsidiaries

Company	Investments in subsidiaries £'000
Cost	
At 1 April 2019	2,818
Additions	1,819
At 31 March 2020	4,637
Additions	88
At 31 March 2021	**4,725**
Accumulated impairment losses	
At 1 April 2019	-
Impairment losses for the year	555
At 31 March 2020	555
Impairment losses for the year	-
At 31 March 2021	**555**
Net book value	
At 1 April 2019	2,818
At 31 March 2020	4,082
At 31 March 2021	**4,170**

Notes to the financial statements (continued) for the year ended 31 March 2021

12. Investment in subsidiaries (continued)

Details of the Company's subsidiaries at 31 March 2021 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.

The following companies are all dormant, the registered office of each is Tempus Wharf, 29a Bermondsey Wall West, London, SE16 4SA.

	Place of incorporation and operation	Proportion of ownership and voting rights held	Accounting reference date
Altair International Consultancy Limited	England and Wales	100% held by Aquila Services Group plc	31 August
Murja Limited	England and Wales	100% held by ATFS Limited	30 May
Finalysis UK Limited	England and Wales	100% held by Aquila Services Group plc	31 March

13. Investment in associates

During the year the Group sold its 25% shareholding in 3C Consultants Limited under a share buyback arrangement. The Group sold the shares for a consideration of £252k. This resulted in a loss on investment of £25k.

14. Investments

	Fair Value Hierarchy	2021	2020
		£'000s	£'000s
Unquoted equity investments	Level 3	71	121

The Group has a 5.3% 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. As a result of the impairment review and a review of the inputs of assets and liabilities of the investment the Group consider that the carrying value requires impairment.

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 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade receivables	1,862	2,063	-	-
Group undertakings	-	-	1,281	685
Other receivables	20	23	13	14
Prepayments	107	79	10	9
Contract assets	284	222	-	-
	2,273	2,387	1,304	708

	Total £'000	<30 days £'000	30-60 days £'000	66-90 days £'000	>90 days £'000
31 March 2021	1,862	1,704	-	26	132
31 March 2020	2,063	1,500	209	147	207

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 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade payables	273	154	19	9
Other payables	50	101	-	50
Lease liabilities	85	79	-	-
Amounts owed to Group undertakings	-	-	270	390
Taxes and social security costs	825	613	-	-
Accruals	484	634	104	56
Contract liabilities	297	181	-	-
	2,014	1,762	393	505

Of the contract liability brought forward at the start of the year £181k (2020: £227k) was recognised in revenue in the year.

17. Long term liabilities

The Statement of Financial Position shows the following amounts relating to lease liabilities.

	2021 £'000
At 31 March 2020	448
Decrease in lease liabilities	(79)
Closing amounts as at 31 March 2021	369
Current	85
Non-current	284

Notes to the financial statements (continued) for the year ended 31 March 2021

18. Share capital

	2021	2020
	£'000	£'000
Allotted, called up and fully paid		
39,961,955 (2020: 37,947,905) Ordinary shares of 5p each	1,998	1,897

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	£'000	£'000	£'000
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 issue 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
Issued at 10p per share on 20 Jul 2020	824	41	41	-
Issued at 23p per share on 20 Jul 2020	1,087	55	196	-
Issued at 5p per share on 15 Mar 2021	103	5	-	-
At 31 March 2021	39,961	1,998	1,712	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.

20. Dividends

Amounts recognised as distributions to equity holders	2021	2020
	£'000	£'000
Final dividend for the year ended 31 March 2020 of Nil per share (2019: 0.6p)	-	227
Interim dividend for the year ended 31 March 2021 of 0.15p per share (2020: 0.3p)	60	114
	60	341
Proposed final dividend for the year ended 31 March 2020 of Nil per share (2019: 0.6p)		
Proposed final dividend for the year ended 31 March 2021 of 0.4p per share (2020: Nil)	160	-

21. Share-based payment transactions

The Company operates an Unapproved Scheme and an Enterprise Management Incentives Scheme. The total amount recognised in the year to 31 March 2021 arising from share-based payment transactions is £88k (2020 expense: £105k).

Unapproved scheme	Number '000	Weighted average exercise price
Number of options outstanding at 1 April 2020	2,758	£0.25
Lapsed during period	(1,660)	£0.29
Exercised during period	(927)	£0.09
Number of options outstanding as at 31 March 2021	171	£0.35
Number of options exercisable as at 31 March 2021	-	

The exercise price of the options outstanding at 31 March 2021 is 35p. The weighted average remaining contractual life of the options outstanding at 31 March 2021 is 4 years (2020: 1 year).

EMI scheme	Number '000	Weighted average exercise price
Number of options outstanding at 1 April 2020	2,776	£0.05
Cancelled during the period	(50)	£0.05
Lapsed during period	(406)	£0.05
Number of options outstanding as at 31 March 2021	2,320	
Number of options exercisable as at 31 March 2021	1,598	

The weighted average remaining contractual life of the options outstanding at 31 March 2021 is 4 years (2020: 5 years).

Notes to the financial statements (continued) for the year ended 31 March 2021

22. Related party disclosures

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

Dividends totalling £17k (2020: £149k) were paid in the year in respect of Ordinary Shares held by the Company's directors.

At 31 March 2021, the balance owed to Richard Wollenberg for services as a non-executive director was £4k (2020: £8k).

Amounts paid to Derek Joseph for consultancy services £51k (2020: 24k).

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 2021 year-end £180k (2020: £136k) is due from one customer.

There are no other customers that represent more than 10% 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 £2,127k (2020: £828k) 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.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Aquila Services Group plc will be held at Tempus Wharf 29A, Bermondsey Wall West, London, SE16 4SA on 28 July 2021 at 3:00 pm, for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions numbered 1 to 6 will be proposed as ordinary resolutions and resolution 7 and 8 will be proposed as a special resolution. Resolutions 6 to 8 are items of special business.

This year the AGM will continue with the special measures adopted for the AGM in 2020 to protect the health and safety of Shareholders and others in attendance at the AGM. 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. Shareholders are invited to submit written questions for the Board to consider, questions can be pre-submitted in advance of the AGM via e-mail to the Company Secretary, claire.banks@aquilaservicesgrp.co.uk, up to 9:00am on 27 July 2021, being the working day before the AGM. 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 2021.

2. To approve the remuneration report for the period ended 31 March 2021.

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

4. To re-elect as a director, Derek Joseph, who was appointed at the AGM held on 31 July 2018

5. To re-elect as a director, Richard Wollenberg, who was appointed at the AGM held on 31 July 2018

Special business

6. 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:

6.1 £79,915 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

6.2 in any other case, £666,033 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authorities in paragraph 6.1 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.

7. That, subject to Resolution 6 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 6 above (as varied, renewed or revoked from time to time by the Company at a general meeting) as if section 561(1) of the CA 2006 did not apply to any such allotment provided that such power shall be limited to the allotment of equity securities:

7.1 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;

7.2 in connection with the valid exercise of Options;

7.3 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

7.4 otherwise, up to a maximum nominal amount of £99,905.

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.

8. 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:

8.1 the maximum aggregate number of Ordinary Shares that may be purchased is 3,996,196;

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

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

8.3.1 105 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
8.3.2 the value of an Ordinary Share calculated on the basis of the higher of the price quoted for:
8.3.3 the last independent trade of; and
8.3.4 the highest current independent bid for any number of Ordinary Shares on the Official List.

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

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

By order of the board
Claire Banks
Company Secretary
23 June 2021

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 set 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 23 June 2021 the company's issued share capital comprised 39,961,955 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 23 June 2021 is 39,961,955.

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
	Claire Banks	Group Finance Director
	Richard Wollenberg	Non-Executive Director
Company secretary	Claire Banks claire.banks@aquilaservicesgrp.co.uk	
Registered office	Tempus Wharf 29a Bermondsey Wall West London SE16 4SA	
Indepedant auditors	Crowe U.K. LLP 55 Judgate Hill London EC4M 7JW	
Corporate advisor	Beaumont Cornish Limited Building 3 566 Chiswick High Road London W4 5YA	
Bankers	National Westminster Bank plc 50 High Street Egham Surrey TW20 9EU	
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD	
Company number	08988813	
Company website	www.aquilaservicesgroup.co.uk	