

# Aquila



## Annual report and financial statements for the year ended 31 March 2023

# Contents

|    |                                                |    |
|----|------------------------------------------------|----|
| 01 | Group highlights                               | 4  |
| 02 | Corporate structure                            | 6  |
| 03 | Aquila at a glance                             | 7  |
| 04 | Chair's statement                              | 10 |
| 05 | Strategic report                               | 12 |
| 06 | Directors' report                              | 34 |
| 07 | Corporate governance statement                 | 38 |
| 08 | Directors' remuneration report                 | 43 |
| 09 | Statement of Directors' Responsibilities       | 46 |
| 10 | Independent Auditors' Report to the Members    | 53 |
| 11 | Consolidated statement of comprehensive income | 60 |
| 12 | Consolidated statement of financial position   | 61 |
| 13 | Company statement of financial position        | 62 |
| 14 | Consolidated statement of changes in equity    | 64 |
| 15 | Company statement of changes in equity         | 63 |
| 16 | Consolidated statement of cash flow            | 64 |
| 17 | Company statement of cash flow                 | 65 |
| 18 | Notes to the financial statements              | 66 |
| 19 | Notice of Annual General Meeting               | 93 |
| 20 | Directors and advisers                         | 98 |

# 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 2023

|                                                               |                                                             |                                                                  |
|---------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------|
| <b>Revenue</b><br>£12,249k<br>(2022: £10,119k)                | <b>Gross profit</b><br>£2,605k<br>(2022: £2,206k)           | <b>Gross profit margin</b><br>21%<br>(2022: 22%)                 |
| <b>Underlying operating profit*</b><br>£806k<br>(2022: £726k) | <b>Statutory profit after tax</b><br>£518k<br>(2022: £579k) | <b>Statutory earnings per share</b><br>1.29p<br>(2022: 1.45p)    |
| <b>Cash generated by operations</b><br>£719k<br>(2022: £512k) | <b>Cash balances</b><br>£2,405k<br>(2022: £2,193k)          | <b>Total dividend payable</b><br>0.75p per share<br>(2022: 0.6p) |

\*Underlying operating profit is calculated by adjusting the reported pre-tax profit for share-based payment charges and impairments of goodwill.

## Dividend

The Directors propose a final dividend of 0.5p per share (2022: 0.4p). This will be paid on 2 August 2023 to shareholders on the register at 14 July 2023.

## Corporate structure

The corporate structure of the organisation is shown below.



## 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. Further information is provided within our strategic report.

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, technology, transformation and people services. Our commercial, sustainability and international services are areas 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 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

##### **AssetCore – 5.3% equity holding**

AssetCore is a digital financial debt management platform for the affordable housing sector.

## Chair's statement

### Dear Shareholder, I am pleased to present the Annual Report and Financial Statements for the year to 31 March 2023.

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 trust that shareholders will find the information both helpful and informative as well as giving them the confidence that the company works on behalf of the public good, is progressive and is confident about future growth. 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 6.

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

The Group is an independent consultancy which provides advice and support to organisations both in the private and public sector that develop and manage affordable housing, provide education and sports opportunities as well as to organisations active in the charity and community sectors. Most clients operate within the United Kingdom but increasingly our services are in demand to support the provision of affordable housing and community services, particularly in Africa and Asia, where our initiatives are funded by International Agencies.

My statement at the interim stage reflected that the easing of restrictions from the pandemic and economic life returning to normal was an opportunity for the Group to expand its business. This growth has continued with turnover for the year 21% higher than for the previous equivalent 12 months.

The main driver of growth had been through the affordable housing client base. This has continued together with an upward trajectory in the sports, communities and charity sectors. Education has lagged behind, waiting for procedures to be created to complement government announcements on capital allocations.

Wage inflation and skills shortages are still a significant upward pressure on our cost base so that profit growth lags behind the increase in turnover. Despite this, the Group has achieved record operating and gross annual profits.

Group results for the financial year ended 31 March 2023 are a turnover of £12,249 (2022: £10,119), an increase of 21%; underlying operational profit of £806k (2022: £726k), up by 8%; and profit after tax of £518k (2022: £579k), decreased by 12%.

In line with the Financial Reporting Standards the Group accepted an impairment charge of £120k on the carrying value of the investment in ATFS which had previously a significant proportion of its business from the education sector.

The Directors recommend a final dividend of 0.5p (2022: 0.4p) which would total dividends for the year of 0.75p (2022: 0.6p), an increase of 25%.

The new financial year has started with some encouraging signs, particularly in the affordable housing sector both in the UK and with international clients. There is every expectation that growth will continue in the sports, community and charity sectors. We are still awaiting the necessary clarification on the authorities needed for capital spending by educational bodies. The evidence for this continuing growth is the number of enquiries being received and the increasing value of new business being won. This will again put pressure on our staff resources and the requirement for increased investment in skills and training. The pressures on the cost base that is reflected in the published accounts is likely to continue and, with labour market changes, is likely to be a permanent feature.

During the year we have streamlined our executive structure to ensure that our investment in skills and training is protected by more defined career paths for staff. It has also been a further opportunity to ensure that we have a succession strategy for all the key posts.

The services the business offers relate to the essential needs of people of all ages living in a developed economy. The pandemic demonstrated that this is not in itself a protection against the threats of an increasingly unstable and fragile geopolitical and economic environment. At any time, we need to have the optimum organisation of our staff and the IT that services them. We need the goodwill of our clients as well as the financial resources to cover fiscal shocks. We believe these are all now substantially in place and we continue to review and update to ensure the resilience of the business.

We all have an ongoing responsibility to the society and world in which we live. We take this seriously and we have now combined our EDI and Green Groups into a new employee body focussing on ESG. They review and have input into our policies to ensure that both our recruitment and our opportunities are open to all, that we minimise our carbon footprint and treat everyone with the dignity they have a right to expect, and we are sensitive to individual needs. We want all those who work within the business to feel welcome, valued and treated with respect.

Recent years and especially since the pandemic have seen reducing levels of interest in smaller quoted companies listed on the main market of the London Stock Exchange (LSE). At the same time the cost of maintaining a listing is significant and regulatory changes are increasing costs as a proportion of the Group's total revenues. In the Board's view the increasing profitability of the Group, the increases in dividends payable and financial strength has not been reflected in either the share price or market liquidity.

The FCA has recently announced some changes they are proposing to make, which when implemented may have an impact on the costs of maintaining a listing. As and when these changes are known, the Board will assess the implications for the Company.

There is a long list of people who work for us and those with whom we work that I would want to thank for their commitment, hard work and good humour throughout the year. The business provides services that enhance people's quality of life. This should not mean that working for the business is not also enjoyable as well as fulfilling. I know that all the members of the board including myself have enjoyed making our contribution during the 12 months and we look forward to this continuing and reporting further progress to shareholders at the interim stage of the new financial year. Finally, I must pay tribute to our Chief Executive Officer, Fiona Underwood. Without her leadership, management and communication skills, as well as dedication and hard work, little of the successes of the year would have been possible.



–  
Derek Joseph – Chair  
30 June 2023

# Strategic report

## Strategy and objectives

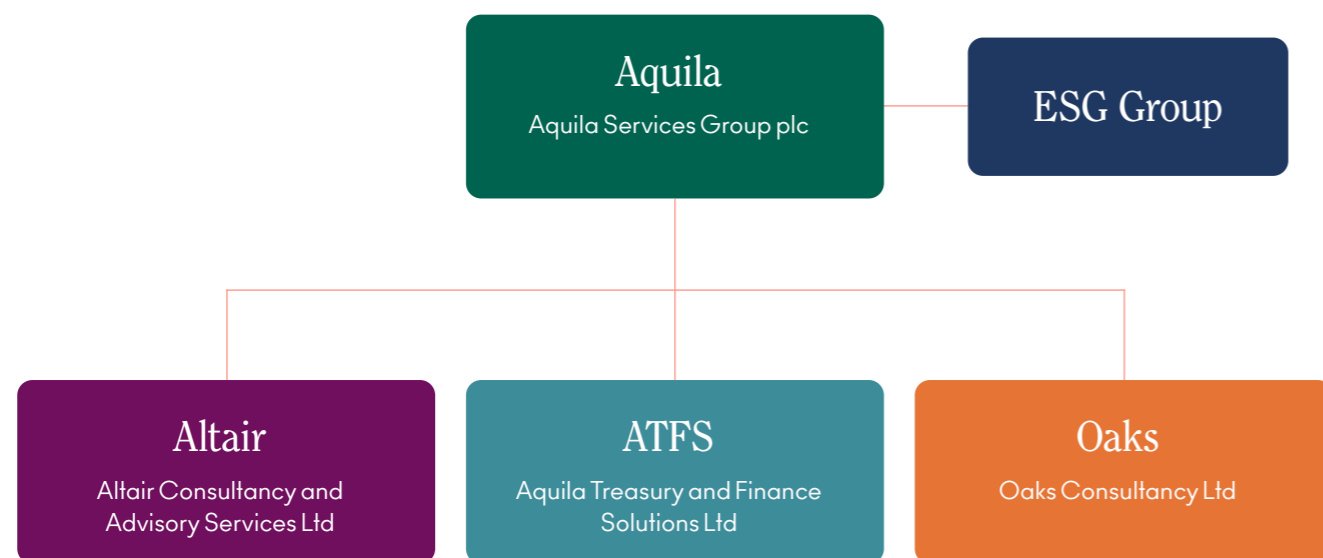
Aquila Services Group (Aquila) has a bold purpose to 'make a better, more sustainable and socially responsible world'. We achieve this by being a consultancy group which provides professional support services to socially focused sectors in the UK and internationally.

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 2023



## Corporate Governance

The Board adopted the QCA code of Corporate Governance on 1 April 2021.

The Board recognises that the long-term success of the business is dependent on the way we interact with a range of key stakeholders as demonstrated by our compliance with the QCA code, which under principles 3 and 9 require companies to take account of wider stakeholder and social responsibilities, including the implications for long-term success and to maintain governance structures and processes that support good decision making.

Section 172(1) (A) to (F) of the Companies Act 2006 require directors to explain how they considered the interests of key stakeholders and the broader matters set out in 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.

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 affordable and social 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, charity and education sectors focused on strategy, business planning and income generation activities.

The Group had two employee led groups with representation across the Aquila Group. The aim was 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.

In October 2022 the Group agreed to combine the work of the Green and EDI groups and create a smaller team focussed on the Environment, Social and Governance (ESG) agenda. The ESG group meets monthly and its purpose is to drive the ESG agenda across the Group and its subsidiaries.

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

### 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 table to the right 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 table to the right sets out how the Company considers the interests of the employees.

### S172(1) (D)

#### “The impact of the company’s operation on the community and the environment”

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

The board listened to the employees and the Green Group has evolved into the ESG Group, with representation from across Aquila Group and its subsidiaries.

The ESG Group has responsibility for driving Aquila’s approach to being a climate conscious organisation. During the year the Group retained its 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. This now forms part of the work of the ESG Group which 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.

|                                                  | Investors                                                                                                                    | Employees                                                                                                                                                                                                                                                                                                                                  | Customers                                                                                                                                                                                                                            |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Why they matter to us</b>                     | Providers of capital and therefore growth opportunities.<br><br>A significant proportion of shareholders are also employees. | Key resource of talent providing solutions and innovative product development to assist clients.<br><br>Critical in achieving the Group’s objectives.<br><br>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.<br><br>The aim of the Group is to assist clients in achieving this.<br><br>They are the Group’s main source of revenue. |
| <b>What matters to them</b>                      | Return on investment.<br><br>Longevity of the business.                                                                      | Recognition and reward.<br><br>Interesting work and strong client relationships.<br><br>Strong culture and values.<br><br>Personal and career development.                                                                                                                                                                                 | Quality and value for money.<br><br>Sound advice.<br><br>Strong relationships with the Group’s employees.                                                                                                                            |
| <b>Type of engagement</b>                        | Stock Exchange announcements and press releases.<br><br>Annual and half-year reports.<br><br>Meetings with investors.        | Regular staff surveys.<br><br>Regular use of different media forums to inform and listen.<br><br>Investment in new products and thought leadership research pieces.                                                                                                                                                                        | Direct engagement with clients.                                                                                                                                                                                                      |
| <b>How the board engages</b>                     | Board attendance at the AGM.<br><br>Non-executive director meetings.                                                         | Attendance at staff conferences.<br><br>Regular webinar updates and communications.                                                                                                                                                                                                                                                        | Regular communication via publications, and e-bulletins.<br><br>Customer satisfaction survey.                                                                                                                                        |
| <b>How they influence board-making decisions</b> | 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. This has transitioned into the ESG Group with a wider agenda. They report their activity to the Group’s board and employees bi-annually, and regularly throughout the year with Group wide initiatives. | Investment in new product development.<br><br>Customer insight may lead to research and product development opportunities.                                                                                                           |



## Business environment

### Trends and factors

This financial year has seen a challenging macro-economic environment with the increase in inflation and interest rates affecting clients across all the sectors we work in. This has provided challenges but also opportunities for the Group and the adaptability of products and the way the Group has responded to developing new products to assist clients has been reflected in the increased turnover for the year being reported.

All sectors with the exception of education have 'opened up' and the Group's work reflects the working patterns of our clients, a combination of face-to-face delivery and virtual. In November 2022 the Office for National Statistics reclassified further education to the public sector with a subsequent announcement from the Department for Education on new college borrowing. This has had an impact on the work our treasury subsidiary undertakes with colleges and it is likely to continue into the next financial year.

Our international clients embraced virtual working during COVID-19 and, by the middle of the financial year we were able to recommence in-country meetings which has provided opportunities for increasing our presence in Africa and Asia.

The anticipated changes in government policy and legislation, the Building Safety Bill gaining Royal Assent and the Charter for Social Housing (The Housing Bill) which is due to gain Royal Assent imminently have continued to affect clients within the housing sector and during the year they have prepared for the changes in legislation in both. The work on new products undertaken prior to and during the financial year has benefited our clients.

The Group's website shows case studies of the work across the Group.

### Task Force on Climate-Related Financial Disclosures (TCFD)

This section of the Company's 2023 Annual Report and Financial Statements includes climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures as required pursuant to LR 14.3.27.

The Aquila Group recognises the importance of addressing climate-related risks and opportunities. The Group has always been committed to activities that benefit the environment and society, underpinned by good governance. The Group's subsidiaries help customers in addressing these challenges and realising their goals.

The Group's Mission statement is to make a better more sustainable, and socially responsible world.

- 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

In line with the TCFD Recommendations and Recommended disclosures set out in Figure 4 of Section C of the report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures' published in June 2017 by the TCFD the Group have integrated the TCFD Recommendations as follows:

## Governance

The Group Board is responsible for managing climate related risks and realising opportunities. The Board is supported by the ESG Group who are responsible for overseeing climate risk assessments and other aspects of Aquila's sustainability and ESG agenda and reporting to the Group Board.

The ESG Group meet monthly and report to the Group board quarterly. The Board is updated on progress against targets regularly.

The Board are informed about climate-related issues via written reports and oral updates which are also considered when the Board is reviewing strategy and budgets.

## Strategy

The ESG Group have conducted an assessment of climate-related risks and opportunities, considering different climate scenarios.

The time frames selected defined 'short-term' as the next one to five years, 'medium-term' as five to ten years and 'long term' as ten years or more. The timelines were chosen to reflect the Group's business planning.

The Group has identified three main risks and opportunities:

| Risk                                                                  | Impact                                                                                                                                                | Potential Impact | Time Frame   | Business Readiness          |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|-----------------------------|
| Increasing changes in legislation relating to environmental standards | Business risk associated with additional potential costs and disclosure.                                                                              | Medium           | Medium       | Under continuous monitoring |
| Changes in client demands                                             | Change in clients demands on climate related issues, this also offers opportunities within the service offer.                                         | High             | Short-medium | In plan                     |
| Employee risk                                                         | As employees are more concerned with climate change issues it is important to keep up to date and inform change. Recruitment and retention of talent. | High             | Short-medium | Under evaluation            |

The Group do not consider any change in the impact of risk for a below 2 degree scenario.

## Risk Management

As part of the work undertaken by the ESG Group they identify opportunities and risks. This process includes regular risk assessments, scenario analysis, and stress testing to identify, measure, and manage climate risks across our operations, supply chains, and investment portfolio. We actively engage with stakeholders to ensure a holistic approach to risk management. Risks are managed on a case-by-case basis. Risks are considered during the business planning process.

## Metrics and Targets

We have established a set of metrics and targets to measure and track our climate performance. These metrics provide a comprehensive understanding of our environmental impact. Our targets are aligned with global climate goals and reflect our commitment to reducing emissions, promoting renewable energy, and improving energy efficiency.

In 2022 the Group offset its total carbon footprint to become a Carbon Neutral Business, this was achieved through internationally certified carbon offsetting projects through the Carbon Neutral Britain Climate Fund. The Group commit to maintain this standard.

In 2021-22 the Group commissioned Carbon Neutral Britain to assess the Carbon Emissions of the Group, the findings for 2021-22 are shown below.

### Scope 1 (Direct emissions)

Activities owned or controlled by the organisation that release emissions straight into the atmosphere, these include Stationary and Mobile Source Emissions (equipment and quantity combusted), Company Leased Vehicles (vehicle type and distance travelled), Refrigerant Gas Losses (refrigerant type and new/disposed units) for the organisation only. The main Scope 1 emissions occurred from main gas combustion from the offices. No additional emissions occurred due to no company owned/leased vehicles and/or combustion sources used within the reporting period. The Group will continue to monitor these emissions with a target to reduce emissions by 25% by 2025.

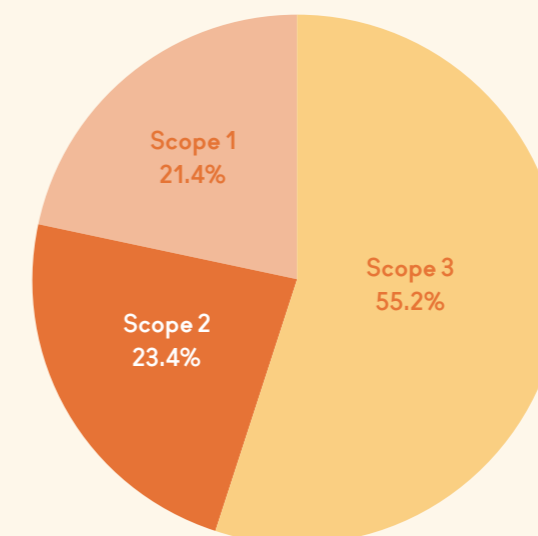
### Scope 2 (Energy indirect)

Emissions being released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of the organisation's activities - but occur at sources that the business does not own or control. These emissions would be the energy usage by the organisation and staff working at the business, or from home. Energy (electricity, imported heat, steam in kwh) using the location based method, staff numbers and days working from home within reporting period. The main Scope 2 energy emissions occurred from the electricity consumption from the Group's two sites, with a small amount of additional emissions produced from staff working at home. These emissions were attributed to additional energy usage that would not have otherwise occurred at home. The Group will continue to monitor these emissions with a target to reduce emissions by 25% by 2025.

### Scope 3 (Other indirect)

Emissions that are a consequence of business activity, which occur at sources which are not owned or controlled, which are not classed as scope 2 emissions. Scope 3 emissions can be quite broad, including areas such as waste management, business travel, staff commuting, events, and the emissions produced from delivery to and from the organisation (including third party delivery services). Water (consumption and waste volume), Waste (landfill, recycled and composted weight), Business Travel (type and distance), Staff Commuting (average distance and type), Hotel Stays (UK, Europe or Worldwide days). The main Scope 3 emissions occurred from staff commuting and the mileage accumulated within the reporting period. Additional emissions occurred from organisation waste, business travel, hotel stays and organisation water usage. The Group will continue to monitor these emissions and will continue to work towards reducing the footprint per FTE. The target is to reduce scope 3 emissions by 25% by 2025.

The results of the assessment for the year 2021-22 were total Carbon Footprint of 36.17tCO<sub>2</sub>e equating to 0.38tCO<sub>2</sub>e per FTE.



### Scope 1

|             |                         |                                                     |
|-------------|-------------------------|-----------------------------------------------------|
| 7,738.51    | Kg CO <sub>2</sub> e    | Stationary or Mobile Combustion Source (+Mains Gas) |
| -           | Kg CO <sub>2</sub> e    | Company Owned/Leased Vehicles                       |
|             | Kg CO <sub>2</sub> e    | Refrigerant Gas Loss Recharge                       |
| 7,738.51    | Kg CO <sub>2</sub> e    | Total                                               |
| <b>7.74</b> | <b>tCO<sub>2</sub>e</b> | <b>TOTAL (tonnes)</b>                               |

### Scope 2

|             |                         |                                         |
|-------------|-------------------------|-----------------------------------------|
| 5,550.91    | Kg CO <sub>2</sub> e    | Total Organisation Energy Usage on Site |
| 2,918.43    | Kg CO <sub>2</sub> e    | Total organisation Energy Usage WFH     |
| 8,469.35    | Kg CO <sub>2</sub> e    | Total                                   |
| <b>8.47</b> | <b>tCO<sub>2</sub>e</b> | <b>TOTAL (tonnes)</b>                   |

### Scope 2

|              |                         |                                     |
|--------------|-------------------------|-------------------------------------|
| 2,947.51     | Kg CO <sub>2</sub> e    | Organisation Waste                  |
| 6,515.33     | Kg CO <sub>2</sub> e    | Business Travel                     |
| 9,873.62     | Kg CO <sub>2</sub> e    | Staff Commuting                     |
| 591.72       | Kg CO <sub>2</sub> e    | Business Hotel or event activities  |
| 31.62        | Kg CO <sub>2</sub> e    | Organisation Water Usage            |
| 19,959.80    | Kg CO <sub>2</sub> e    | Total                               |
| <b>19.96</b> | <b>tCO<sub>2</sub>e</b> | <b>TOTAL (tonnes)</b>               |
| <b>36.17</b> | <b>tCO<sub>2</sub>e</b> | <b>Total Organisation Emissions</b> |

The main emissions occurred from staff commuting.

The Group's key initiative in this area is reduced travel with carbon offset and the continuing adoption of a "remote first" model for service delivery.

Although many of our employees are remote workers, when travel cannot be avoided, we continue to look for new ways to offset our emissions with reductions elsewhere.

We introduced an E-vehicle salary sacrifice scheme for staff with the aim of having at least 5%

## 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 23 to the Financial Statements.

### Unfavourable economic conditions and/or changes to government policy

The current macro-economic uncertainty, rising interest rates and high inflation 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 consultancy contracts and/or limit their commissioning of 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 pro actively respond to this risk.

### 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 continues to monitor retention and all staff leaving the business have exit interviews which provides important input into our People policies to improve our working practices and environment.

### 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. The Group obtained the certification of Cyber Essentials Plus status during the year.

of employees using the scheme by the end of 2025. The uptake in this scheme was impacted by the global supply shortage of EV components causing excessive lead times.

Looking ahead, we will continue to strengthen our climate-related reporting practices and explore innovative solutions to further mitigate climate risks and capitalise on opportunities.

## 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. Our international work will continue to be impacted due to international travel restrictions. It is hoped these will further ease during the year.

## Environment

The Group undertakes regular risk assessments, scenario analysis, and stress testing to identify, measure, and manage climate risks across all operations, supply chains, and investment portfolio. Risks are managed on a case-by-case basis and are considered during the business planning process.

Aquila has again 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 Group's 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.

The Group continues to support programmes, on a pro-bono basis that are aimed at improving the opportunities for individuals from a minority ethnic background and to increase the diversity of housing sector leaders. In March this year we joined the Future of London Emerging Talent Programme, providing a placement opportunity for individuals from a minority ethnic background. Our involvement will span three financial years.

Our subsidiary Oaks supports WAITS as its charity partner. Through this relationship the Oaks team provide pro bono support with strategy and business planning together with income generation. As part of the work of the ESG Group there is a project to increase our CSR work and provide opportunities for more colleagues to be involved.

## Business performance and position

### Altair

Altair experienced significant turnover growth this year, attributed to the growth of the Technology, Transformation and People workstream which was successful in winning and delivering a number of large transformation projects with housing and care providers in England. These services have been developed to respond to the changes during the year in the operating environment caused by the rising interest rates, increasing inflation, the announcement of a rent cap of 7% which restricts our client's income and the increasing negative publicity of the sector.

Housing has hit the headlines on a number of occasions. On behalf of Peabody Trust Altair undertook and published a [review](#) to provide lessons learned for the sector following the discovery of Sheila Seleokane's body after two and a half years which has been used by housing providers to ensure they have the right policies and procedures in place. The tragic death of Awaab Ishak in Rochdale has provided a wake-up call for the sector and has seen the increase in investment in homes and ensuring that they are safe, affordable and warm for residents. There is still a significant amount of work to be done and Altair is pleased to be able to support our clients with a broad range of services to assist them in the pursuit of improved services and homes.

Our property team continued to deliver work across local authorities, housing associations and private developers. The building safety team ensured clients were kept updated with the changing government policy, DynamicAIM, our digital building safety product has now been procured by two housing providers and is being piloted in others. We have invested in Asset Management personnel and are seeing growth in this service.

We agreed a new business plan for our international business with a focus on Africa and opportunities in Asia. This year saw an increase in demand in the second half and this has continued with new contracts being awarded for work in Kenya, Rwanda, Burkina Faso.

Sustainability is a key focus for clients and we have invested in this area with the workstream growing over the year. An example of this is that we have advised the Future Greener Partnership, a consortium of four housing providers that collectively own more than 400,000 homes.

In March 2023 we launched a new commercial services workstream in response to the pressures on the sector and to support clients in embedding a commercial approach into the delivery of an organisation's purpose to make every pound spent or earned work as hard as possible.

The Group will continue to invest in products and services to ensure that we remain relevant and provide the support and assistance that our clients need.

### ATFS

As part of the succession planning we recruited an experienced director from the sector who has taken over responsibility for ATFS and this year has been introducing new and improving current products. This will take time to embed especially as the environment for ATFS continues to be challenging.

The further education sector has been reclassified by the Office of National Statistics into the central government sector and this has caused all funding contracts in this area to be paused.

Funding opportunities in the housing sector continue with small- and mid-sized organisations in England, Scotland and Wales and we continued to support the HFA in Ireland. We have seen increasing opportunities for ATFS to support our international work and this is an area we expect to grow in the coming year.

### Oaks

Oaks had a successful year with growth in both turnover and profit. Following the approval of a new business plan, Oaks will make a significant investment in personnel in the coming year. Central to this growth programme will be the appointment of four sector directors to shape and lead its work in sport, sport for development, charities, and education. Additionally, Oaks will undertake a full appraisal of its service offer to ensure it fully meets the needs of the individual sectors.

Despite the broader economic challenges consistent growth has been experienced within sport, sport for development and charities, with the full spectrum of Oaks' services being well received. Examples of this include an expanded relationship with UEFA and Laureus, strategic and business planning projects with Euro Hockey, United Rugby Championships, the FA, Black Country Living Museum, Fashion and Textile Childrens Trust and CAFÉ. Whilst the education sector has been less consistent, primarily due to the legacy impact of COVID 19 and proposed changes to legislation, Oaks' work within this sector has still experienced moderate growth.

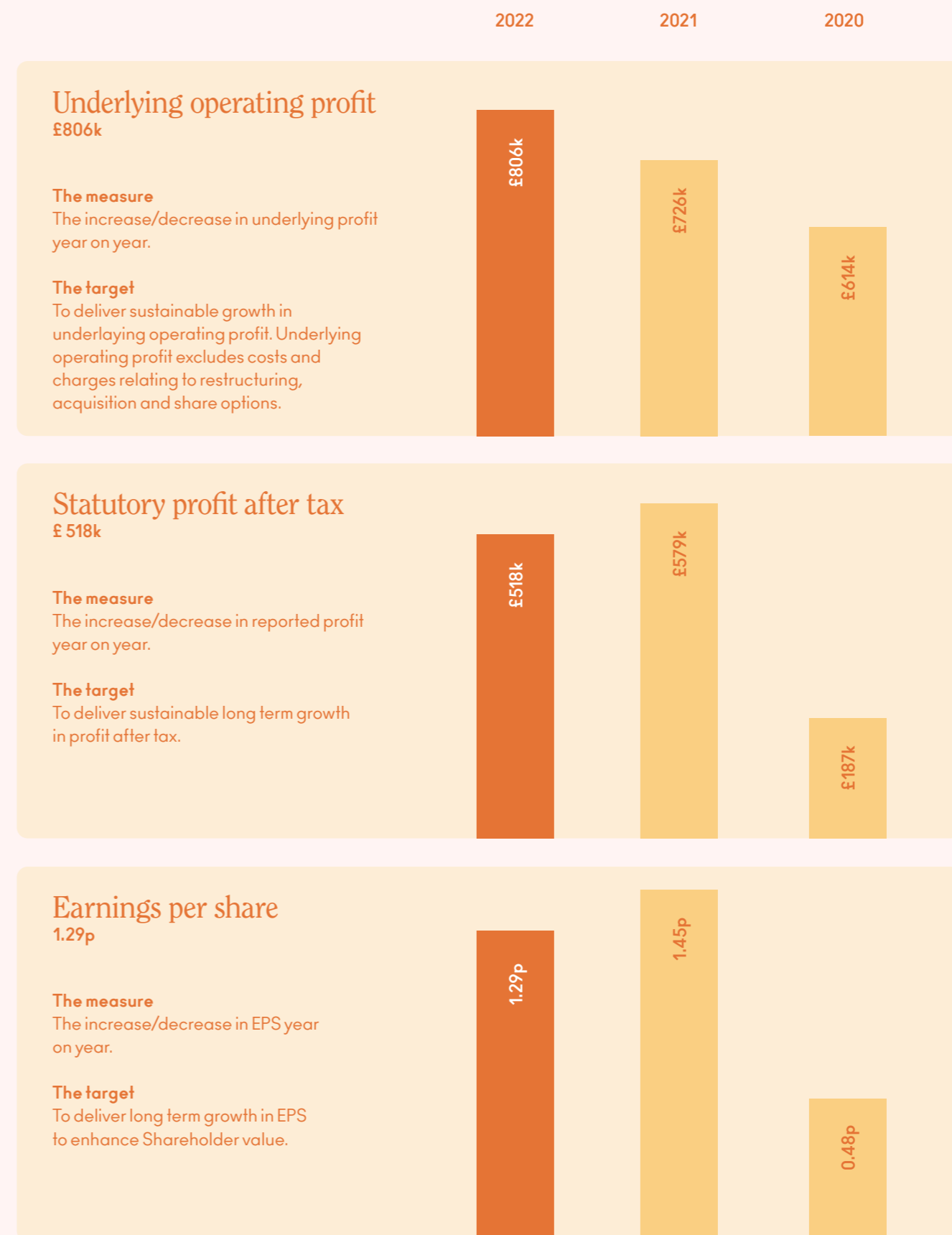
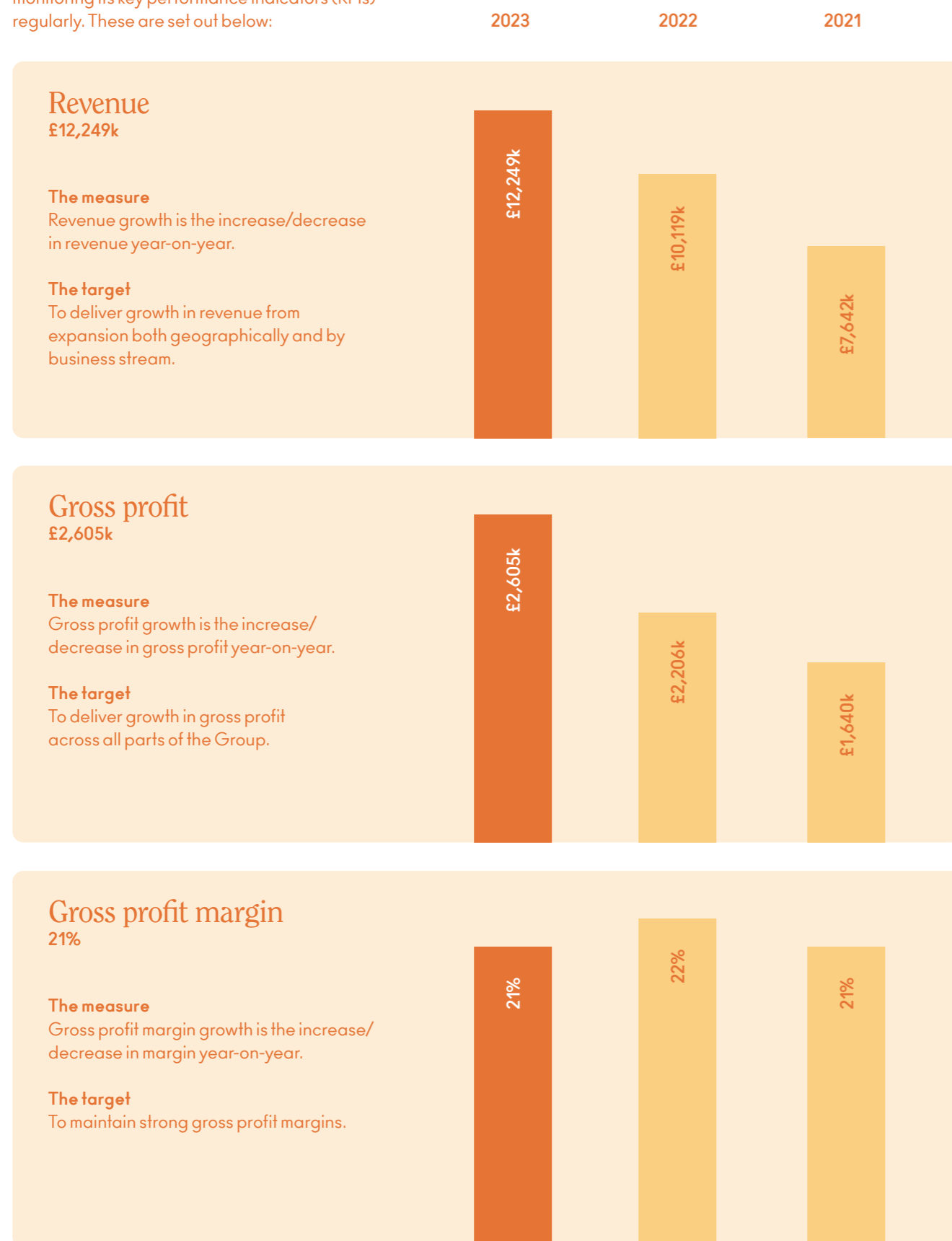
In addition to its project commissions the Oaks retained business remains strong with over 70% of clients either renewing or expanding their relationship. This provides the ideal platform for growth particularly within education where the retained offer is best suited.

To maintain its position as a significant thought leader, Oaks has continued to deliver its sport for development and charity webinar series, with a global audience of over 1500. Additionally, Oaks has delivered key presentations to the Premier League Foundation and FA conferences at the Etihad and Saint Georges Park.

To demonstrate its clear focus on social value, Oaks has been proud to continue its pro bono support for the Birmingham based WAITS charity.

## Key performance indicators

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



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.

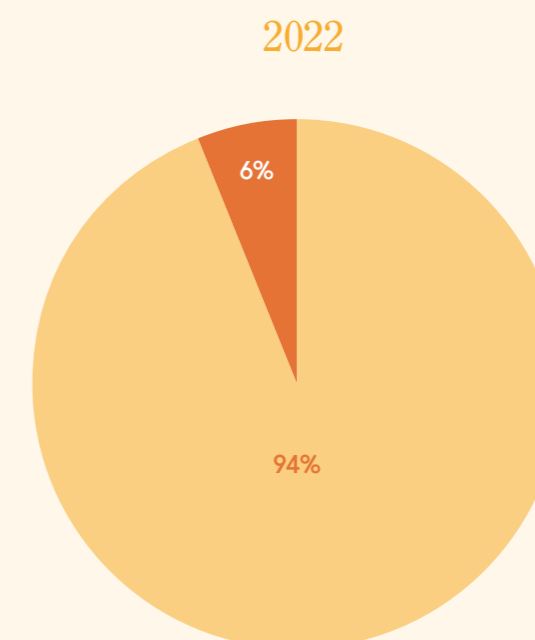
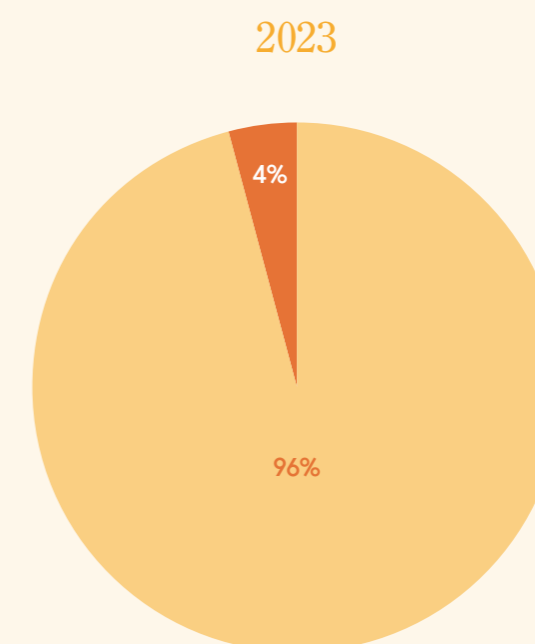
|                                          | 31 March 2023<br>£000 | 31 March 2022<br>£000 | 31 March 2021<br>£000 |
|------------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Underlying operating profit</b>       | <b>806</b>            | <b>726</b>            | <b>614</b>            |
| Share option charge                      | (12)                  | (8)                   | (88)                  |
| Restructuring costs relating to COVID-19 | -                     | -                     | (175)                 |
| Impairment of investments                | -                     | -                     | (50)                  |
| Impairment of Goodwill                   | (120)                 | -                     | -                     |
| <b>Profit before taxation</b>            | <b>674</b>            | <b>718</b>            | <b>301</b>            |

## Business performance and position

Turnover is split across the different services as shown below.

**The measure:** To track how income across the Group is generated.

- Revenue from Consultancy
- Revenue from Treasury management

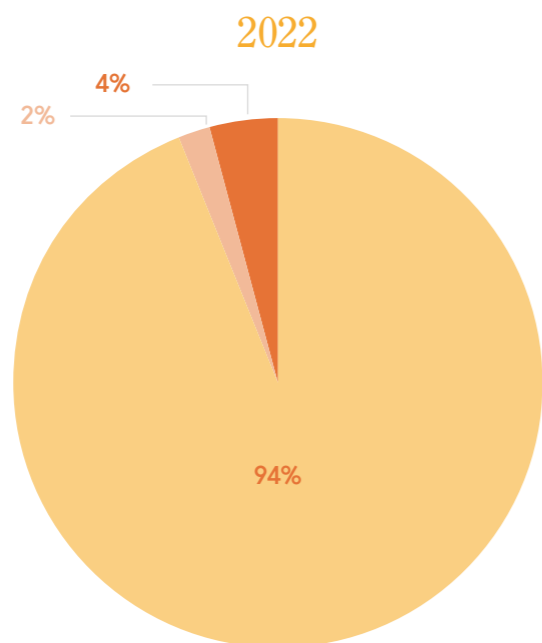
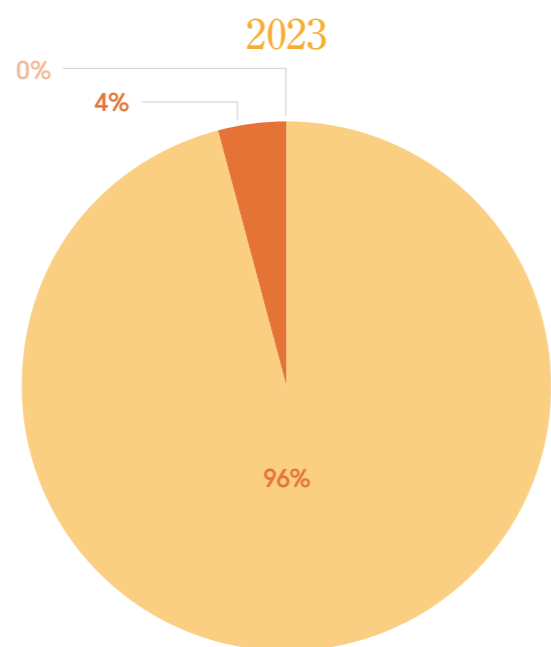


### Geographic spread of income

**The measure:** To track where income across the Group is generated.

**The target:** To increase income from international markets.

- UK
- Europe
- Rest of the world

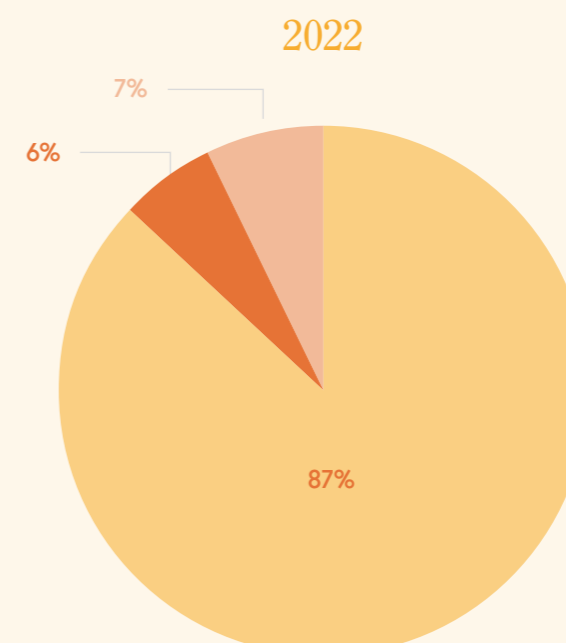
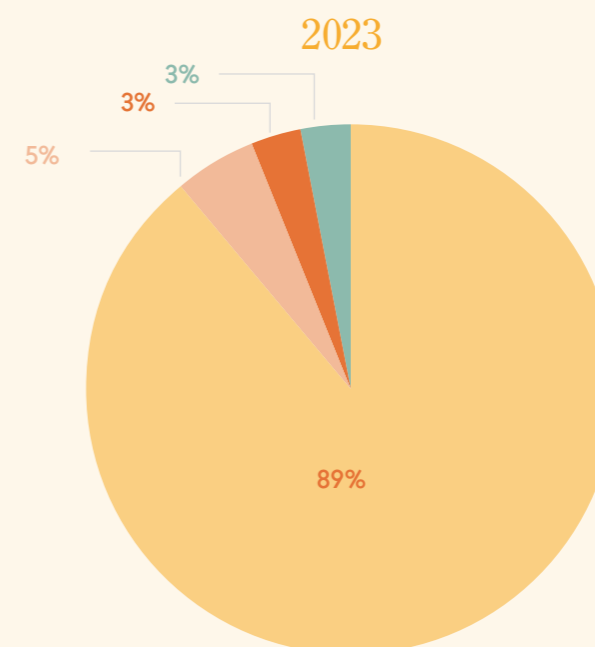


### Spread of income by sector

**The measure:** To track income across the Group by sector.

**The target:** To increase market share in other sectors.

- Housing
- Education
- Sports
- Charity



## Client numbers across the Group

934

**The measure**

Increased client numbers year on year.

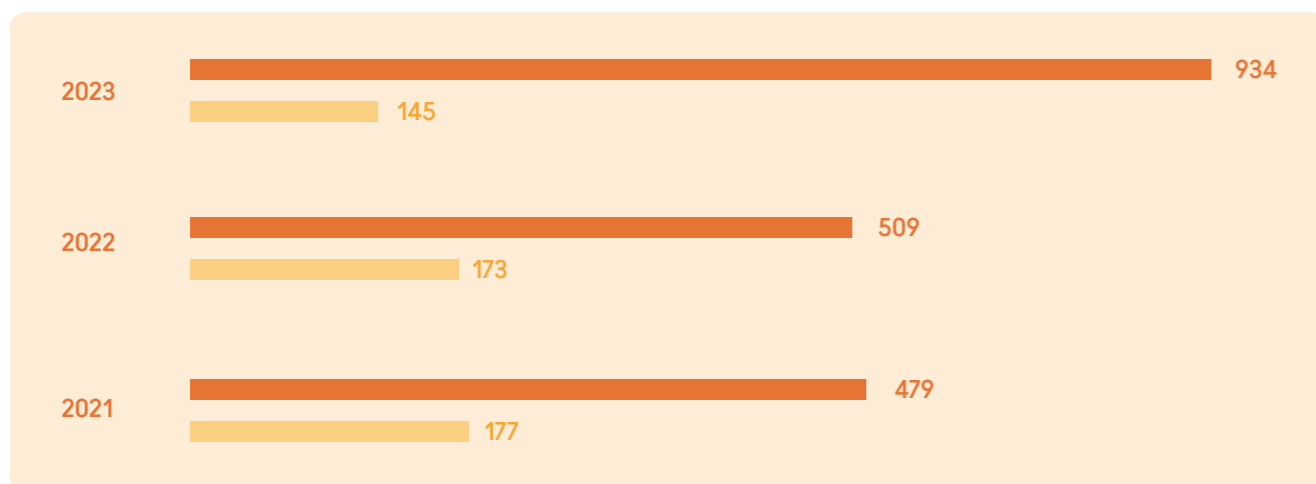
**The target**

To increase the number of clients that the group deliver services to.

**Results**

The Group delivered services to 145 new clients in the year.

- Number of clients
- Number of new clients

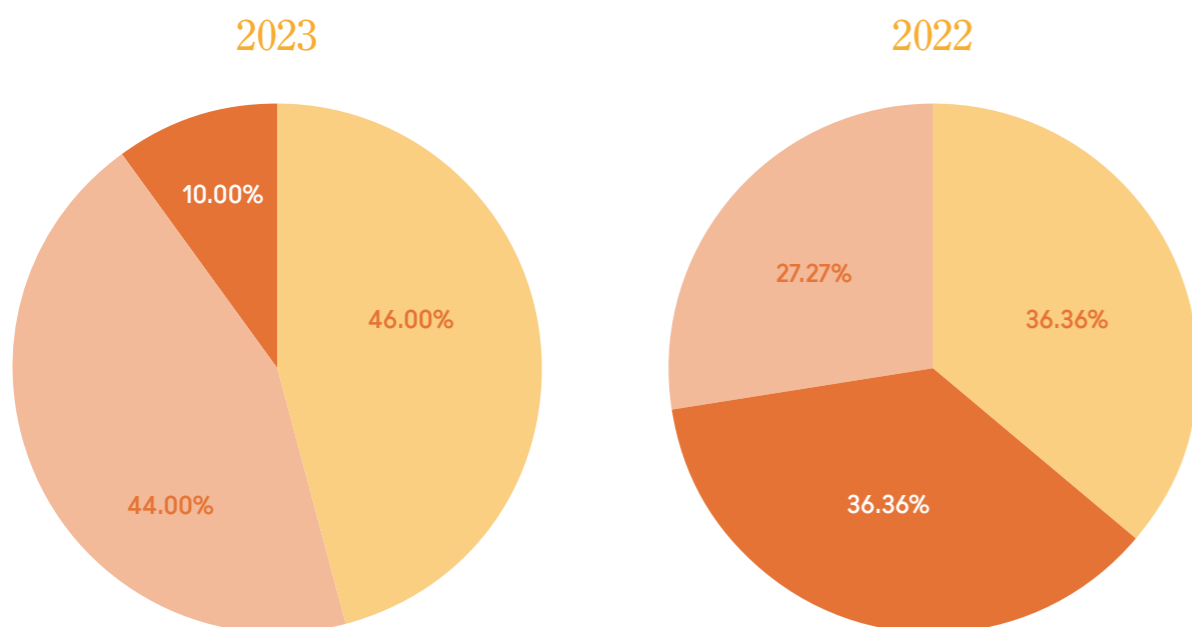


## Client satisfaction

**The measure:** To ensure all customers are satisfied with the services delivered across the Group.

**The target:** To exceed client expectation in delivery of services.

- Exceeds client expectations
- Meets client service
- Exceptional client service



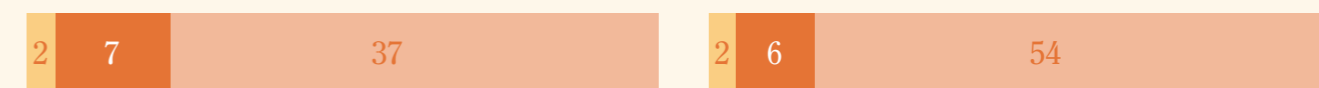
## Employees

The following disclosures are made in accordance with LR 14.3.33 and LR 14 Annex 1.

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

### Male (44 total)

### Female (48 total)



- Directors
- Total senior managers other than directors of the Company
- Other employees of the Group

56% of the Groups employee are female, this is an increase in the year of 4%.

The following table shows the number of male and female board members. Women represent 50% of the board.

|        | Number of board members | Percentage of the board | Number of senior positions on the board | Number in executive management | Percentage of executive management |
|--------|-------------------------|-------------------------|-----------------------------------------|--------------------------------|------------------------------------|
| Male   | 2                       | 50%                     | 2                                       | 7                              | 54%                                |
| Female | 2                       | 50%                     | 2                                       | 6                              | 46%                                |

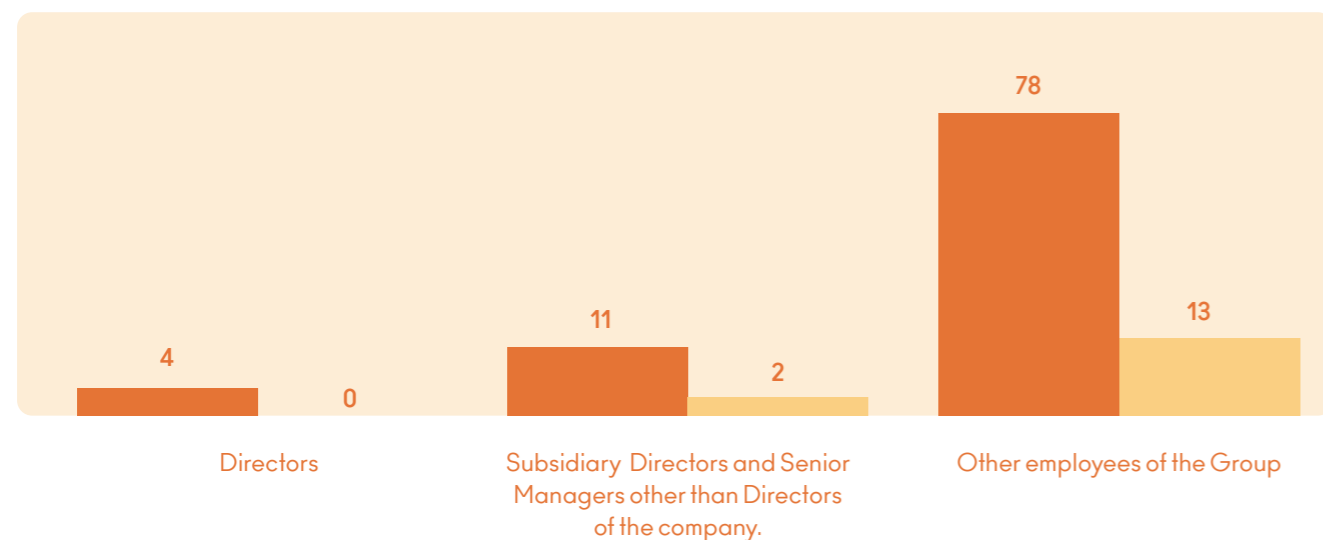
The following table represents the number of directors and senior managers across the Group and their ethnicity. The Board are aware that there are no members of the board from a minority ethnic background, this is being addressed in conjunction with the succession plan of the Group board.



|                                                                | Number of board members | Percentage of the board | Number of senior positions on the board | Number in executive management | Percentage of executive management |
|----------------------------------------------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------------------|------------------------------------|
| White British or other White (including minority-white Groups) | 4                       | 100%                    | 4                                       | 11                             | 84%                                |
| Mixed/Multiple Ethnic Groups                                   | -                       | -                       | -                                       | 1                              | 8%                                 |
| Asian/Asian British                                            | -                       | -                       | -                                       | -                              | -                                  |
| Black/African/Caribbean/Black British                          | -                       | -                       | -                                       | 1                              | 8%                                 |
| Other ethnic group, including Arab                             | -                       | -                       | -                                       | -                              | -                                  |

### Ethnicity 2023

- White
- Ethnic Minority



14% of employees are of ethnic minority there has been no change since 2022.

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.

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 continues to be done through the employee led ESG group holding the Board accountable for its policies on equality and diversity.

### Going concern basis

The Board updates its financial plan annually. This includes a review of the Group and 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 review also makes certain assumptions about the normal level of capital investment likely to occur and considers whether additional financing facilities will be required. The Group has no borrowings and there is no plan to access additional funding.

The Directors are confident that the Group and 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 Group and Company will be able to continue in operation and meet its liabilities as they fall due in the next twelve months 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 – CEO  
30 June 2023

## Directors' report

The Directors present their report and consolidated financial statements for the year ended 31 March 2023.

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

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 12 to 33.

## Principal activities

The principal activities of the Group are the provision of specialist housing, sport, charity, 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 2023 are set out from page 59.

## Dividend

The directors propose a final dividend of 0.5p per share for the year end (2022: 0.4p). The total dividend for the year was 0.75p per share (0.25p was paid as an interim dividend in December 2022) this compares to a total dividend of 0.6p per share in 2022.

## Directors

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



–  
Derek Joseph –  
Non-Executive Chair



–  
Dr Fiona Underwood –  
Chief Executive Officer



–  
Claire Banks –  
Group Finance Director  
and Company Secretary



–  
Richard Wollenberg –  
Non-Executive Director

## Substantial shareholdings

As at 31 March 2023, 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            |
| The estate of the late 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 2023 and the date of this report.

## Corporate Governance Statement

The Directors' Report incorporates the Corporate Governance Statement set out on pages 38 to 43.

## 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 38 to 43.

## 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.

## 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' Report) Regulations 2013. The Group achieved Carbon Neutral Plus status for the year ended March 2022, the results of which are published on the Company website. Further disclosure is provided in the Strategic report under the TCFD.

## 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**  
– CEO

By order of the Board  
30 June 2023

## Corporate governance statement

The Directors acknowledge the importance of good corporate governance and has formally adopted the 10 principles of the Quoted Companies Alliance Code (QCA).

The statement below, together with the report on directors' remuneration on pages 34 to 51, explains how the Company has observed principles set out in the QCA 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.

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 6.

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 the Chairman, two Executive Directors and one Non-Executive Director.

The QCA code states that normally boards will include at least two NED's who are identified as independent. The Group Board has one NED who acts as a sounding board to the Chair and the two Executive Directors. The board succession plan is on going and the Group board continue to review the positions.

### 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 seven 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, whistle blowing 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 twice 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 once during the year.

It's members are: Derek Joseph and Richard Wollenberg. The report of the Remuneration Committee is set out on pages 43 to 51 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 once 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.

## ESG Group

The ESG Group are responsible for overseeing climate risk assessments and other aspects of Aquila's sustainability and ESG agenda and reporting to the Group Board.

The ESG Group meet monthly and report to the Group board quarterly. The Board is updated on progress against targets regularly.

## Attendance at Boards

| Director                 | Board | Audit Committee | Remuneration Committee | Nomination Committee |
|--------------------------|-------|-----------------|------------------------|----------------------|
| Total number of meetings | 7     | 2               | 1                      | 1                    |
| Derek Joseph             | 7     | 2               | 1                      | 1                    |
| Richard Wollenberg       | 7     | 2               | 1                      | 1                    |
| Fiona Underwood          | 7     | 2               | -                      | -                    |
| Claire Banks             | 7     | -               | -                      | -                    |

## Board Directors

The Board is responsible for the Company's systems of Corporate Governance and comprises:

**Derek Joseph – Non-Executive Chair.** Derek possesses a wealth of housing sector experience. During his executive and non-executive career, Derek has advised and project managed for European governments and cities, UK government departments, local authorities, housing associations, commercial property companies, investors and financial institutions, in addition to structuring joint ventures for numerous organisations.

**Richard Wollenberg – Non-executive Director.** Richard has, over the past 25 years, been actively involved in numerous corporate acquisitions, mergers and capital reorganisations of public and private companies, very many of which were in the services sector. He was an investment consultant and has considerable experience and an excellent track record of admitting investment vehicles to the market.

**Fiona Underwood – Executive Director and Group Chief Executive Officer.** Fiona has experience in building and running consultancy businesses, having previously led a large consulting business within a listed company. She is experienced in mergers and acquisitions and corporate governance, both in the private and the not-for-profit sector.

**Claire Banks – Group Finance Director and Company Secretary.** Claire is a Fellow Chartered Accountant and has significant accounting, finance and corporate experience within the consulting sector.

Mr Wollenberg acts as a sounding board for the chair and as an intermediary to other directors and shareholders. Although Mr Wollenberg is a major shareholder he continues to offer constructive challenge, strategic guidance and holds management to account. 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 2023, these totalled £17k. (2022: £23k).

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.

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

The Group reports formally to shareholders when its annual and half-yearly financial statements are published. Presentations are given to investors when requested, normally following the publication of the 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.

## Audit risk and internal control

The Audit Committee, which is chaired by Richard Wollenberg, comprises the Non-Executive Chair, Non-Executive Director and Chief Executive Office. 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.

## Composition, succession and evaluation

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

During the year ended 31 March 2023, the Board did not undertake a board evaluation.

## Directors' remuneration report

The information provided on this page of the Directors' remuneration report is not subject to audit.

The report is split into three main areas:

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

The Remuneration Committee is chaired by Richard Wollenberg (Non-Executive) and comprises Richard Wollenberg and Derek Joseph (Chair).

## Statement of implementation of remuneration policy in the following year

The Remuneration Committee proposes to amend the remuneration policy that was approved by the shareholders at the 2020 annual general meeting. The changes to the policy are detailed in the table on page 48 to 49.

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 2023.

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  
 30 June 2023

The information provided on pages 44 to 48 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

There were no changes during the year under review.

## Executive directors' remuneration payable as a single figure (2023)

|                 | Salary<br>and fees | Benefits*    | Annual<br>bonuses | LTIP     | Pension       | Total          |
|-----------------|--------------------|--------------|-------------------|----------|---------------|----------------|
|                 | £                  | £            | £                 | £        | £             | £              |
| Fiona Underwood | 175,000            | 1,147        | 20,000            | -        | 10,500        | 206,647        |
| Claire Banks    | 113,000            | 993          | 6,000             | -        | 6,798         | 126,791        |
|                 | <b>288,000</b>     | <b>2,140</b> | <b>26,000</b>     | <b>-</b> | <b>17,298</b> | <b>333,438</b> |

## Executive directors' remuneration payable as a single figure (2022)

|                 | Salary<br>and fees | Benefits*    | Annual<br>bonuses | LTIP     | Pension       | Total          |
|-----------------|--------------------|--------------|-------------------|----------|---------------|----------------|
|                 | £                  | £            | £                 | £        | £             | £              |
| Fiona Underwood | 170,000            | 1,595        | 5,000             | -        | 10,200        | 186,795        |
| Claire Banks    | 110,000            | 1,243        | 5,000             | -        | 6,600         | 122,843        |
|                 | <b>280,000</b>     | <b>2,838</b> | <b>10,000</b>     | <b>-</b> | <b>16,800</b> | <b>309,638</b> |

\*Benefits include private medical insurance

\*\*Included within the fees for Derek Joseph are £17k (2021: £23k) of consultancy fees.

## Non-executive directors' remuneration payable as a single figure (2023)

|                    | Salary<br>and fees | Benefits* | Annual<br>bonuses | LTIP     | Pension  | Total         |
|--------------------|--------------------|-----------|-------------------|----------|----------|---------------|
|                    | £                  | £         | £                 | £        | £        | £             |
| Richard Wollenberg | 4,000              | -         | -                 | -        | -        | 4,000         |
| Derek Joseph**     | 27,138             | -         | -                 | -        | -        | 27,138        |
|                    | <b>31,138</b>      | <b>-</b>  | <b>-</b>          | <b>-</b> | <b>-</b> | <b>31,138</b> |

## Non-executive directors' remuneration payable as a single figure (2022)

|                    | Salary<br>and fees | Benefits* | Annual<br>bonuses | LTIP     | Pension  | Total         |
|--------------------|--------------------|-----------|-------------------|----------|----------|---------------|
|                    | £                  | £         | £                 | £        | £        | £             |
| Richard Wollenberg | 4,000              | -         | -                 | -        | -        | 4,000         |
| Derek Joseph**     | 33,061             | -         | -                 | -        | -        | 33,061        |
|                    | <b>37,061</b>      | <b>-</b>  | <b>-</b>          | <b>-</b> | <b>-</b> | <b>37,061</b> |

## 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 2023, 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 2023.

## 2022-23 award

Remuneration committee assessed the performance of the group executive directors against the target and the committee's decision is shown below.

|                    | Target Performance <sup>1</sup> | Actual Performance | Maximum Possible award | 2022-23 Unconsolidated bonus award- Executive Director | 2022-23 Unconsolidated bonus award - Group Finance Director |
|--------------------|---------------------------------|--------------------|------------------------|--------------------------------------------------------|-------------------------------------------------------------|
| Cash based award   | £799k                           | £806k              | £53k                   | £20K                                                   | £6k                                                         |
| Share option award | £799k                           | £806k              | £53k                   | £Nil                                                   | £Nil                                                        |

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

<sup>1</sup> 2021-22 Underlying operating profit 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 |                              |                        | Exercised during the year |
|---------------------------------|---------------------------|---------------------------|------------------------------|------------------------|---------------------------|
|                                 |                           | With performance measures | Without performance measures | Vested but unexercised |                           |
| Richard Wollenberg <sup>2</sup> | 4,563,406                 | -                         | -                            | -                      | -                         |
| Derek Joseph                    | 3,545,408                 | -                         | -                            | -                      | -                         |
| Fiona Underwood <sup>3</sup>    | 3,479,440                 | 50,000                    | 100,000                      | 275,050                | -                         |
| Claire Banks                    | 48,315                    | -                         | 100,000                      | 77,315                 | -                         |

The information provided on pages 48 to 51 of the Directors' Remuneration Report is not subject to audit.

## 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 2022 and 31 March 2023.

|                               | 2023  | 2022  | Change |
|-------------------------------|-------|-------|--------|
|                               | £'000 | £'000 |        |
| All employees remuneration    | 7,180 | 5,879 | 21%    |
| Total dividend per share      | 0.75p | 0.60p | 25%    |
| Distributions to shareholders | 260   | 240   | 19%    |

<sup>2</sup> Includes shares held by immediate family members of Richard Wollenberg

<sup>3</sup> Includes shares held by persons associated with Fiona Underwood



## 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 2022 was approved by shareholders at the Annual General Meeting held on 28 July 2022. The Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting held on 29 July 2020.

| Directors' Remuneration Report (2022 Annual General Meeting) | % of votes cast | Directors' Remuneration Report (2021 Annual General Meeting) | % of votes cast |
|--------------------------------------------------------------|-----------------|--------------------------------------------------------------|-----------------|
| For                                                          | 100%            | For                                                          | 93%             |
| Against                                                      | 0%              | Against                                                      | 0%              |
| Abstention                                                   | 0%              | Abstention                                                   | 7%              |
| <b>Total votes cast</b>                                      | <b>100%</b>     | <b>Total votes cast</b>                                      | <b>100%</b>     |

## Policy Report

### Implementation of remuneration policy in the following year.

The remuneration committee intend to update the remuneration policy to be approved at the AGM on 26 July 2023 for implementation for the year ended 31 March 2024. The proposed changes are set out to the right.

## Future policy table

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

|                      | Summary of approach                                                                                                                                                                                                                        | Performance criteria                                                                                                                     | Change from Previous policy                                                                                              |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>Salary</b>        | To provide competitive fixed elements of reward. Salaries are reviewed annually or when an individual changes position or responsibility.                                                                                                  | Assessment of personal and corporate performance.                                                                                        | None                                                                                                                     |
| <b>Benefits</b>      | To provide a range of cost-effective benefits which are in-line with the market. Benefits include: <ul style="list-style-type: none"> <li>Private Medical Insurance</li> <li>Permanent Health Insurance</li> <li>Life Insurance</li> </ul> | None                                                                                                                                     | None                                                                                                                     |
| <b>Pensions</b>      | Pension benefits are provided through a Group personal pension plan at 6% of salaries.                                                                                                                                                     | None                                                                                                                                     | None                                                                                                                     |
| <b>Annual bonus</b>  | 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. | None                                                                                                                     |
| <b>Share Options</b> | Awards of share options are made subject to an annual profit performance period. The maximum award is 200,000 options per individual per financial year.                                                                                   | Share options are awarded for Group performance in excess of 5% year on year and are at the discretion of the remuneration committee.    | The maximum award is amended from 30% of salary to a maximum of 200,000 share options per individual per financial year. |

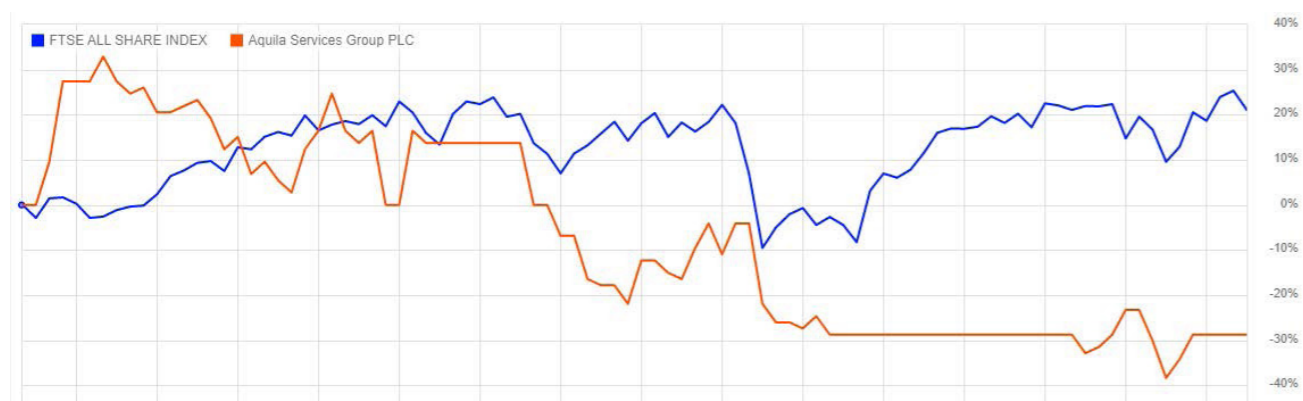
## Approach to recruitment remuneration

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.

## Performance graph of total shareholder return

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



Data source: London Stock Exchange

## Policy on payment for loss of office

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

## Statement of consideration of employment conditions elsewhere in the Group

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

—  
**Richard Wollenberg**  
 - Chair of the  
 Remuneration  
 Committee  
 30 June 2023

## Statement of consideration of shareholder views

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

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

The directors (whose names and functions are set out on page 35) 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 UK Adopted International accounting standards in conformity with the requirements of the Companies Act 2006. 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 relevant and reliable;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- State whether they have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or cease operations or have no realistic alternative but to do so.

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

The directors are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free

from material misstatement. Whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report and Corporate Governance Report that comply with that law and those regulations.

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

### Responsibility statement of the Directors in respect of the Annual Report and Financial Statements

We confirm that to the best of our knowledge:

- the Company and Group financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.



–  
**Claire Banks – Group Finance Director**  
 On behalf of the Board  
 30 June 2023

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

### Opinion

We have audited the financial statements of Aquila Services Group plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2023 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 UK-adopted international reporting standards 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 2023 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK-adopted international reporting standards; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

### Basis for opinion

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

## Conclusions relating to going concern

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;
- 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.

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

### Scope of our audit

The group comprises the Parent Company and its wholly-owned subsidiaries, all of which are based in the UK and audited by the group audit team.

### 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 £55,000 (2022: £50,000), based on 7% of normalised profit before tax. Materiality for the Parent Company as a whole was set at £49,500 (2022: £45,000), based on approximately 1% of the parent company's total assets.

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 70% of materiality for the financial statements as a whole, which equates to £38,500 (2022: £35,000) for the group and £34,650 (2022: £31,500) 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 £2,500 (2022: £2,500). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

## 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. This is not a complete list of all risks identified by our audit.

### Key audit matter Carrying value of goodwill (Group) and investments in subsidiaries (Parent company)

#### Accounting policies (Note 2) and Notes 10 and 12 of the financial statements

At 31 March 2023, the group has goodwill with a carrying value of £3,197,000 attributable across three different cash generating units, ATFS, Oaks and Altair.

In carrying out impairment reviews, management use assumptions and estimates of future trading performance of the cash generating units. 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.

This matter was considered a key audit matter due to the extent of audit effort and judgement required to assess the reasonableness of the forecast cashflows, growth rates, discount rates and terminal growth rates used by the Group in undertaking the impairment review.

### How the scope of our audit addressed the key audit matter

We obtained 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 suitability and 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. We also considered actual results against management forecasts from prior years.

We challenged management on the assumptions used for future trading, particularly for the ATFS model. Following our challenge, Management has recognised an impairment in respect of the goodwill in ATFS.

As a consequence, Management also recognised an impairment in the carrying value of the investment in ATFS in the Parent company financial statements.

We have concluded that Management has made an appropriate impairment against the goodwill in ATFS and the Parent company's investment in that subsidiary.

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

## Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 43, 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](http://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 periods. Our total uninterrupted period of engagement is five years, covering the years ending 31 March 2019 to 31 March 2023.

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

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

-  
**Steve Gale - (Senior Statutory Auditor)**  
 For and on behalf of  
 Crowe U.K. LLP  
 55 Ludgate Hill  
 London  
 EC4M7JW

30 June 2023

## 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.

## Consolidated statement of comprehensive income For the year ended 31 March 2023

|                                                                | Notes    | 2023<br>£'000 | 2022<br>£'000 |
|----------------------------------------------------------------|----------|---------------|---------------|
| Revenue                                                        | 4        | 12,249        | 10,119        |
| Cost of sales                                                  | 5        | (9,644)       | (7,913)       |
| <b>Gross profit</b>                                            |          | <b>2,605</b>  | <b>2,206</b>  |
| Administrative expenses                                        | 5        | (1,828)       | (1,488)       |
| <b>Operating profit</b>                                        |          | <b>777</b>    | <b>718</b>    |
| Finance income                                                 | 4        | 17            | -             |
| Impairment of Goodwill                                         | 10       | (120)         | -             |
| <b>Profit before taxation</b>                                  | <b>6</b> | <b>674</b>    | <b>718</b>    |
| Income tax expense                                             | 8        | (156)         | (139)         |
| <b>Profit for the year</b>                                     |          | <b>518</b>    | <b>579</b>    |
| <b>Other comprehensive income</b>                              |          | <b>-</b>      | <b>-</b>      |
| <b>Total comprehensive income for the year</b>                 |          | <b>518</b>    | <b>579</b>    |
| <b>Earnings per share attributable to owners of the parent</b> |          |               |               |
| Basic                                                          | 9        | 1.29p         | 1.45p         |
| Diluted                                                        | 9        | 1.26p         | 1.41p         |

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

## Consolidated statement of financial position As at 31 March 2023

|                                                        | Notes | Group<br>2023<br>£'000 | Group<br>2022<br>£'000 |
|--------------------------------------------------------|-------|------------------------|------------------------|
| <b>Non-current assets</b>                              |       |                        |                        |
| Goodwill                                               | 10    | 3,197                  | 3,317                  |
| Property, plant and equipment                          | 11    | 234                    | 313                    |
| Investments                                            | 13    | 71                     | 71                     |
|                                                        |       | <u>3,502</u>           | <u>3,701</u>           |
| <b>Current assets</b>                                  |       |                        |                        |
| Trade and other receivables                            | 14    | 3,130                  | 2,593                  |
| Cash and bank balances                                 |       | 2,405                  | 2,193                  |
|                                                        |       | <u>5,535</u>           | <u>4,786</u>           |
| <b>Current liabilities</b>                             |       |                        |                        |
| Trade and other payables                               | 15    | 2,260                  | 1,917                  |
| Lease liabilities                                      | 16    | 69                     | 88                     |
| Corporation tax                                        |       | 170                    | 144                    |
|                                                        |       | <u>2,499</u>           | <u>2,149</u>           |
| <b>Net current assets</b>                              |       | <u>3,036</u>           | <u>2,637</u>           |
| <b>Non-current lease liabilities</b>                   | 16    | 126                    | 196                    |
| <b>Net assets</b>                                      |       | <u><b>6,412</b></u>    | <u><b>6,142</b></u>    |
| <b>Equity</b>                                          |       |                        |                        |
| Share capital                                          | 17    | 1,998                  | 1,998                  |
| Share premium account                                  | 17    | 1,712                  | 1,712                  |
| Merger reserve                                         | 17    | 3,042                  | 3,042                  |
| Share-based payment reserve                            | 20    | 364                    | 415                    |
| Retained losses                                        |       | (704)                  | (1,025)                |
| <b>Equity attributable to the owners of the parent</b> |       | <u><b>6,412</b></u>    | <u><b>6,142</b></u>    |

The financial statements were approved by the board and authorised for issue on 30 June 2023.

## Company statement of financial position As at 31 March 2023

|                                                        | Notes | Company<br>2023<br>£'000 | Company<br>2022<br>£'000 |
|--------------------------------------------------------|-------|--------------------------|--------------------------|
| <b>Non-current assets</b>                              |       |                          |                          |
| Property, plant and equipment                          | 11    | 12                       | 3                        |
| Investments in subsidiaries                            | 12    | 4,072                    | 4,180                    |
| Investments                                            | 13    | 71                       | 71                       |
|                                                        |       | <u>4,155</u>             | <u>4,254</u>             |
| <b>Current assets</b>                                  |       |                          |                          |
| Trade and other receivables                            | 14    | 236                      | 991                      |
| Cash and bank balances                                 |       | 1,052                    | 89                       |
|                                                        |       | <u>1,288</u>             | <u>1,080</u>             |
| <b>Current liabilities</b>                             |       |                          |                          |
| Trade and other payables                               | 15    | 694                      | 440                      |
|                                                        |       | <u>694</u>               | <u>440</u>               |
| <b>Net current assets</b>                              |       | <u>594</u>               | <u>640</u>               |
| <b>Net assets</b>                                      |       | <u><b>4,749</b></u>      | <u><b>4,894</b></u>      |
| <b>Equity</b>                                          |       |                          |                          |
| Share capital                                          | 17    | 1,998                    | 1,998                    |
| Share premium account                                  | 17    | 2,341                    | 2,341                    |
| Share-based payment reserve                            | 20    | 364                      | 415                      |
| Retained earnings                                      |       | 46                       | 140                      |
| <b>Equity attributable to the owners of the parent</b> |       | <u><b>4,749</b></u>      | <u><b>4,894</b></u>      |

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 £103k (2022: loss £441k).

The financial statements were approved by the board and authorised for issue on 30 June 2023.



–  
**Claire Banks – Group  
Finance Director**  
Company Registration  
No. 08988813

## Consolidated statement of changes in equity For the year ended 31 March 2023

|                                 | Share<br>Capital<br>£'000 | Share<br>Premium<br>account<br>£'000 | Merger<br>reserve<br>£'000 | Share<br>based<br>payment<br>reserve<br>£'000 | Retained<br>losses<br>£'000 | Total<br>equity<br>£'000 |
|---------------------------------|---------------------------|--------------------------------------|----------------------------|-----------------------------------------------|-----------------------------|--------------------------|
| <b>Balance at 1 April 2021</b>  | <b>1,998</b>              | <b>1,712</b>                         | <b>3,042</b>               | <b>580</b>                                    | <b>(1,537)</b>              | <b>5,795</b>             |
| Total comprehensive income      | -                         | -                                    | -                          | -                                             | 579                         | 579                      |
| Transfer on reserves            | -                         | -                                    | -                          | (173)                                         | 173                         | -                        |
| Share based payment charge      | -                         | -                                    | -                          | 8                                             | -                           | 8                        |
| Dividend                        | -                         | -                                    | -                          | -                                             | (240)                       | (240)                    |
| <b>Balance at 31 March 2022</b> | <b>1,998</b>              | <b>1,712</b>                         | <b>3,042</b>               | <b>415</b>                                    | <b>(1,025)</b>              | <b>6,142</b>             |
| <b>Balance at 1 April 2022</b>  | <b>1,998</b>              | <b>1,712</b>                         | <b>3,042</b>               | <b>415</b>                                    | <b>(1,025)</b>              | <b>6,142</b>             |
| Total comprehensive income      | -                         | -                                    | -                          | -                                             | 518                         | 518                      |
| Transfer on reserves            | -                         | -                                    | -                          | (63)                                          | 63                          | -                        |
| Share based payment charge      | -                         | -                                    | -                          | 12                                            | -                           | 12                       |
| Dividend                        | -                         | -                                    | -                          | -                                             | (260)                       | (260)                    |
| <b>Balance at 31 March 2023</b> | <b>1,998</b>              | <b>1,712</b>                         | <b>3,042</b>               | <b>364</b>                                    | <b>(704)</b>                | <b>6,412</b>             |

## Company statement of changes in equity For the year ended 31 March 2023

|                                 | Share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Share<br>based<br>payment<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------------------|-------------------------------|--------------------------|
| <b>Balance at 1 April 2021</b>  | <b>1,998</b>              | <b>2,341</b>                         | <b>580</b>                                    | <b>648</b>                    | <b>5,567</b>             |
| Total comprehensive income      | -                         | -                                    | -                                             | (441)                         | (441)                    |
| Transfer on reserves            | -                         | -                                    | (173)                                         | 173                           | -                        |
| Share based payment charge      | -                         | -                                    | 8                                             | -                             | 8                        |
| Dividend                        | -                         | -                                    | -                                             | (240)                         | (240)                    |
| <b>Balance at 31 March 2022</b> | <b>1,998</b>              | <b>2,341</b>                         | <b>415</b>                                    | <b>140</b>                    | <b>4,894</b>             |
| <b>Balance at 1 April 2022</b>  | <b>1,998</b>              | <b>2,341</b>                         | <b>415</b>                                    | <b>140</b>                    | <b>4,894</b>             |
| Total comprehensive income      | -                         | -                                    | -                                             | 103                           | 103                      |
| Transfer on reserves            | -                         | -                                    | (63)                                          | 63                            | -                        |
| Share based payment charge      | -                         | -                                    | 12                                            | -                             | 12                       |
| Dividend                        | -                         | -                                    | -                                             | (260)                         | (260)                    |
| <b>Balance at 31 March 2023</b> | <b>1,998</b>              | <b>2,341</b>                         | <b>364</b>                                    | <b>46</b>                     | <b>4,749</b>             |



## Consolidated statement of cash flow For the year ended 31 March 2023

|                                                            | 2023<br>£'000 | 2022<br>£'000 |
|------------------------------------------------------------|---------------|---------------|
| <b>Cash flows from operating activities</b>                |               |               |
| Profit for the year                                        | 518           | 579           |
| Interest received                                          | (17)          | -             |
| Income tax expense                                         | 156           | 139           |
| Share based payment charge                                 | 12            | 8             |
| Impairment of goodwill                                     | 120           | -             |
| Depreciation                                               | 124           | 118           |
| Operating cash flows before movement in working capital    | 913           | 844           |
| (Increase)/Decrease in trade and other receivables         | (537)         | (320)         |
| (Decrease)/Increase in trade and other payables            | 343           | (12)          |
| Cash generated by operations                               | 719           | 512           |
| Income taxes paid                                          | (130)         | (84)          |
| <b>Net cash inflow from operating activities</b>           | <b>589</b>    | <b>428</b>    |
| <b>Cash flows from investing activities</b>                |               |               |
| Interest received                                          | 17            | -             |
| Purchase of property, plant and equipment                  | (45)          | (37)          |
| <b>Net cash (outflow)/inflow from investing activities</b> | <b>(28)</b>   | <b>(37)</b>   |
| <b>Cash flows from financing activities</b>                |               |               |
| Lease liability payments                                   | (89)          | (85)          |
| Dividends paid                                             | (260)         | (240)         |
| <b>Net cash (outflow)/inflow from financing activities</b> | <b>(349)</b>  | <b>(325)</b>  |
| Net increase in cash and cash equivalents                  | 212           | 66            |
| Cash and cash equivalents at beginning of the year         | 2,193         | 2,127         |
| <b>Cash and cash equivalents at end of the year</b>        | <b>2,405</b>  | <b>2,193</b>  |

## Company statement of cash flow For the year ended 31 March 2023

|                                                            | 2023<br>£'000 | 2022<br>£'000 |
|------------------------------------------------------------|---------------|---------------|
| <b>Cash flows from operating activities</b>                |               |               |
| Profit/(Loss) for the year                                 | 103           | (441)         |
| Interest received                                          | (17)          | -             |
| Dividends received                                         | (977)         | (200)         |
| Impairment of investment                                   | 120           | -             |
| Depreciation                                               | 6             | -             |
| Operating cash flows before movement in working capital    | (765)         | (641)         |
| Decrease/(Increase) in trade and other receivables         | 755           | 313           |
| Increase/(Decrease) in trade and other payables            | 254           | 39            |
| Cash (outflow) generated by operations                     | 244           | (289)         |
| Net cash (outflow) from operating activities               | 244           | (289)         |
| <b>Cash flows from investing activities</b>                |               |               |
| Interest on deposits                                       | 17            | -             |
| Purchase of plant and equipment                            | (15)          | 3             |
| Dividends received                                         | 977           | 200           |
| <b>Net cash (outflow)/inflow from investing activities</b> | <b>979</b>    | <b>203</b>    |
| <b>Cash flows from financing activities</b>                |               |               |
| Dividends paid                                             | (260)         | (240)         |
| <b>Net cash (outflow) from financing activities</b>        | <b>(260)</b>  | <b>(240)</b>  |
| Net increase/(decrease) in cash and cash equivalents       | 963           | (326)         |
| Cash and cash equivalents at beginning of the year         | 89            | 415           |
| <b>Cash and cash equivalents at end of the year</b>        | <b>1,052</b>  | <b>89</b>     |

# Notes to the financial statements

## For the year ended 31 March 2023

### 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.

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

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 2023 and beyond and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of signing the financial statements.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of subsidiary entities. A subsidiary is defined as an entity over which the Company has control. Control is achieved when the Company has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and could use its power to 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. A receivable is recognised when the services are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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:

#### Right of use assets

Over unexpired term of lease

#### Leasehold improvements

Over unexpired term of lease

#### 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.

**Investments**

Investments are held at fair value.

**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.

**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 non-financial 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**

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 11.

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

**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 20).

**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 reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, and an impairment loss is recognised where the recoverable amount is less than the carrying value of the asset. Any impairment losses are recognised in the income statement.

The recoverable amount of the goodwill is determined from value in use calculations.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to income and direct costs during the period.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each acquisition of goodwill. Discount rates of 16.12% and a terminal value of 1% has been used.

Growth rates of between 0-15% have been applied to each cash generating unit as set out in note 10 these are based on industry rates, management's 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 has determined that a valuation based on five times annual turnover is an appropriate measure of fair value based on prior knowledge of the industry.

## 4. Revenue and finance income

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

|                                                      | 2023<br>£'000 | 2022<br>£'000 |
|------------------------------------------------------|---------------|---------------|
| <b>Continuing operations - rendering of services</b> |               |               |
| Specialist housing consultancy income                | 10,558        | 8,502         |
| Treasury management income                           | 431           | 600           |
| Specialist sports and education consultancy income   | 1,260         | 1,017         |
|                                                      | <b>12,249</b> | <b>10,119</b> |
| Interest received on bank deposits                   | 17            | -             |
|                                                      | <b>12,266</b> | <b>10,119</b> |

## 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.

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

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

## 5. Operating segments (continued)

|                                        | 2023<br>£'000 | 2022<br>£'000 |
|----------------------------------------|---------------|---------------|
| Revenue from Consultancy               | 11,818        | 9,519         |
| Revenue from Treasury management       | 431           | 600           |
|                                        | 12,249        | 10,119        |
| Cost of sales from Consultancy         | 9,269         | 7,367         |
| Cost of sales from Treasury management | 375           | 546           |
|                                        | 9,644         | 7,913         |
| Gross profit from Consultancy          | 2,550         | 2,152         |
| Gross profit from Treasury management  | 55            | 54            |
|                                        | 2,605         | 2,206         |
| Administrative expenses                | (1,828)       | (1,488)       |
| Operating profit                       | 777           | 718           |

Within consultancy revenues, approximately 18% (2022: 9%) has arisen from the segment's largest customer L&Q; within treasury management 11% (2022: 15%).

### Geographical information

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

|               | 2023<br>£'000 | 2022<br>£'000 |
|---------------|---------------|---------------|
| UK            | 11,727        | 9,528         |
| Europe        | 508           | 380           |
| Rest of World | 14            | 211           |
|               | 12,249        | 10,119        |

## 6. Profit before taxation

|                                                             | 2023<br>£'000 | 2022<br>£'000 |
|-------------------------------------------------------------|---------------|---------------|
| Profit before taxation is arrived at after charging:        |               |               |
| Auditors' remuneration (see below)                          | 66            | 56            |
| Depreciation of property, plant and equipment (see note 11) | 31            | 25            |
| Depreciation of leasehold property (see note 11)            | 93            | 93            |
| Impairment of goodwill                                      | 120           | -             |
| Staff costs (see note 7)                                    | 7,180         | 5,879         |

### Breakdown of auditors' remuneration

|                                                     | 2023<br>£'000 | 2022<br>£'000 |
|-----------------------------------------------------|---------------|---------------|
| Auditors' remuneration                              |               |               |
| Fees payable to the Company's auditors for:         |               |               |
| The audit of the parent Company                     | 40            | 33            |
| The audit of the Company's subsidiaries             | 21            | 18            |
| The review of the interim report                    | 3             | 3             |
| The provision of a CASS assurance report to the FCA | 2             | 2             |
|                                                     | 66            | 56            |

## 7. Staff costs

|                                                                                          | 2023 | 2022 |
|------------------------------------------------------------------------------------------|------|------|
| The average monthly number of employees (including directors) employed by the Group was: | 102  | 86   |

|                                                     | 2023<br>£'000 | 2022<br>£'000 |
|-----------------------------------------------------|---------------|---------------|
| <b>Aggregate remuneration (including directors)</b> |               |               |
| Wages and salaries                                  | 6,153         | 5,171         |
| Share-based payments                                | 12            | 8             |
| Pension contributions                               | 314           | 262           |
| Social security costs                               | 701           | 438           |
|                                                     | 7,180         | 5,879         |

### Directors' remuneration

|                                     |     |     |
|-------------------------------------|-----|-----|
| Salary (including taxable benefits) | 345 | 330 |
| Share-based payments                | 1   | 5   |
| Pension contributions               | 17  | 17  |
|                                     | 363 | 352 |

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

## 7. Staff costs (continued)

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

|                                     | 2023<br>£'000 | 2022<br>£'000 |
|-------------------------------------|---------------|---------------|
| Salary (including taxable benefits) | 195           | 177           |
| Share-based payments                | -             | 4             |
| Pension contributions               | 10            | 10            |
|                                     | <u>205</u>    | <u>191</u>    |

### 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.

|                          | 2023<br>£'000 | 2022<br>£'000 |
|--------------------------|---------------|---------------|
| Wages and salaries       | 1,036         | 1,186         |
| Share-based payments     | 5             | (7)           |
| Post-retirement benefits | 48            | 49            |
|                          | <u>1,089</u>  | <u>1,228</u>  |

## 8. Taxation

|                                                                                                 | 2023<br>£'000 | 2022<br>£'000 |
|-------------------------------------------------------------------------------------------------|---------------|---------------|
| Corporation tax:                                                                                |               |               |
| Current year                                                                                    | 156           | 139           |
|                                                                                                 | <u>156</u>    | <u>139</u>    |
| The tax charge for the year can be reconciled to the profit in the income statement as follows: |               |               |
| Profit before taxation                                                                          | 674           | 718           |
| Tax at the UK corporation tax rate of 19% (2022: 19%)                                           | 128           | 136           |
| Expenses not deductible                                                                         | 28            | 3             |
| Tax expense for the year                                                                        | <u>156</u>    | <u>139</u>    |

The Finance Bill 2021 substantively enacted on 24 May 2021 included legislation increasing the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

## 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 20.

|                                                       | 2023<br>£'000 | 2022<br>£'000 |
|-------------------------------------------------------|---------------|---------------|
| Profit after tax attributable to owners of the parent | 518           | 579           |
| Weighted average number of shares                     | <u>'000</u>   | <u>'000</u>   |
| - Basic                                               | 39,962        | 39,962        |
| - Diluted                                             | 41,016        | 41,153        |
| <b>Basic earnings per share</b>                       | <u>1.29p</u>  | <u>1.45p</u>  |
| <b>Diluted earnings per share</b>                     | <u>1.26p</u>  | <u>1.41p</u>  |



## 10. Goodwill

| Group                                | Goodwill<br>£'000 |
|--------------------------------------|-------------------|
| <b>Cost</b>                          |                   |
| At 1 April 2021                      | 3,872             |
| Additions                            | -                 |
| At 31 March 2022                     | 3,872             |
| Additions                            | -                 |
| <b>At 31 March 2023</b>              | <b>3,872</b>      |
| <b>Accumulated impairment losses</b> |                   |
| At 1 April 2021                      | (555)             |
| Impairment loss for the year         | -                 |
| At 31 March 2022                     | (555)             |
| Impairment loss for the year         | (120)             |
| <b>At 31 March 2022</b>              | <b>(675)</b>      |
| <b>Net book value</b>                |                   |
| At 1 April 2021                      | 3,317             |
| At 1 April 2022                      | 3,317             |
| <b>At 31 March 2023</b>              | <b>3,197</b>      |

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.

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 and the expected utilisation of consultants. Management have projected cash flows over a period of five years, based on growth rates of between 0% and 16% per annum; this is based on past performance and expected future activity. A discount rate of 16.1% and a terminal value of 1.0% has been used.

The Growth rates for each cash generating unit is as follows. For Property 0-7% (2022: 0-7%), for Treasury 0-16% (2022: 5-6%), for Oaks 6% (2022: 9-13%)

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

- Apply a 5-10% reduction to the forecasted turnover.
- Apply a 5-10% decrease in gross profit margins.
- Apply an increase in the discount rate.

A decline in turnover of 10% would trigger an impairment in Treasury, 10% in Property and 8% in Oaks. A decline in gross profit to 21% would trigger an impairment in Treasury, 16% in Property and 19% in Oaks. A discount rate of 26% would trigger an impairment in Treasury, 40% in Property and 35% in Oaks.

The sensitivities applied in Property and Oaks do not provide reasonable possible changes and therefore no impairment has been made. However, an impairment has been made of £120k within Treasury due to the decline in the Education market.

## 11. Property, plant and equipment (Group)

| Group                           | Right of use assets-<br>Leasehold<br>property<br>£'000 | Leasehold<br>improvement<br>£'000 | Fixtures<br>and<br>fittings<br>£'000 | Computer<br>equipment<br>£'000 | Total<br>£'000 |
|---------------------------------|--------------------------------------------------------|-----------------------------------|--------------------------------------|--------------------------------|----------------|
| <b>Cost</b>                     |                                                        |                                   |                                      |                                |                |
| At 1 April 2021                 | 514                                                    | 27                                | 45                                   | 173                            | 759            |
| Additions                       | -                                                      | -                                 | -                                    | 37                             | 37             |
| At 31 March 2022                | 514                                                    | 27                                | 45                                   | 210                            | 796            |
| Additions                       | -                                                      | -                                 | 1                                    | 44                             | 45             |
| <b>At 31 March 2023</b>         | <b>514</b>                                             | <b>27</b>                         | <b>46</b>                            | <b>254</b>                     | <b>841</b>     |
| <b>Accumulated depreciation</b> |                                                        |                                   |                                      |                                |                |
| At 1 April 2021                 | 153                                                    | 11                                | 41                                   | 160                            | 365            |
| Charge for the year             | 88                                                     | 5                                 | 3                                    | 22                             | 118            |
| At 31 March 2022                | 241                                                    | 16                                | 44                                   | 182                            | 483            |
| Charge for the year             | 88                                                     | 5                                 | 2                                    | 29                             | 124            |
| <b>At 31 March 2023</b>         | <b>329</b>                                             | <b>21</b>                         | <b>46</b>                            | <b>211</b>                     | <b>607</b>     |
| <b>Net book value</b>           |                                                        |                                   |                                      |                                |                |
| At 1 April 2021                 | 361                                                    | 16                                | 4                                    | 13                             | 394            |
| At 31 March 2022                | 273                                                    | 11                                | 1                                    | 28                             | 313            |
| <b>At 31 March 2023</b>         | <b>185</b>                                             | <b>6</b>                          | <b>0</b>                             | <b>43</b>                      | <b>234</b>     |

| Company                         | Computer<br>equipment<br>£'000 |
|---------------------------------|--------------------------------|
| <b>Cost</b>                     |                                |
| At 1 April 2021                 | 64                             |
| Additions                       | 3                              |
| At 31 March 2022                | 67                             |
| Additions                       | 15                             |
| <b>At 31 March 2023</b>         | <b>82</b>                      |
| <b>Accumulated depreciation</b> |                                |
| At 1 April 2021                 | 64                             |
| Charge for the year             | -                              |
| At 31 March 2022                | 64                             |
| Charge for the year             | 6                              |
| <b>At 31 March 2023</b>         | <b>70</b>                      |
| <b>Net book value</b>           |                                |
| At 1 April 2021                 | -                              |
| At 31 March 2022                | 3                              |
| <b>At 31 March 2023</b>         | <b>12</b>                      |

## 12. Investments in subsidiaries

| Company                              | Investments in subsidiaries<br>£'000 |
|--------------------------------------|--------------------------------------|
| <b>Cost</b>                          |                                      |
| At 1 April 2021                      | 4,725                                |
| Additions                            | 10                                   |
| At 31 March 2022                     | 4,735                                |
| Addition                             | 12                                   |
| <b>At 31 March 2023</b>              | <b>4,747</b>                         |
| <b>Accumulated impairment losses</b> |                                      |
| At 1 April 2021                      | 555                                  |
| Impairment losses for the year       | -                                    |
| At 31 March 2022                     | 555                                  |
| Impairment losses for the year       | 120                                  |
| <b>At 31 March 2023</b>              | <b>675</b>                           |
| <b>Net book value</b>                |                                      |
| At 1 April 2021                      | 4,170                                |
| At 31 March 2022                     | 4,180                                |
| <b>At 31 March 2023</b>              | <b>4,072</b>                         |

Details of the Company's subsidiaries at 31 March 2023 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 above 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. Investments

|                             | Fair Value Hierarchy | 2023<br>£'000 | 2022<br>£'000 |
|-----------------------------|----------------------|---------------|---------------|
| Unquoted equity investments | Level 3              | 71            | 71            |

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.

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).

### 14. Trade and other receivables

|                    | Group<br>2023<br>£'000 | Group<br>2022<br>£'000 | Company<br>2023<br>£'000 | Company<br>2022<br>£'000 |
|--------------------|------------------------|------------------------|--------------------------|--------------------------|
| Trade receivables  | 2,715                  | 2,240                  | -                        | -                        |
| Group undertakings | -                      | -                      | 195                      | 964                      |
| Other receivables  | 51                     | 35                     | 26                       | 10                       |
| Prepayments        | 102                    | 117                    | 15                       | 17                       |
| Contract assets    | 262                    | 201                    | -                        | -                        |
|                    | <u>3,130</u>           | <u>2,593</u>           | <u>236</u>               | <u>991</u>               |

|               | Total<br>£'000 | <30 days<br>£'000 | 30-60 days<br>£'000 | 66-90 days<br>£'000 | >90 days<br>£'000 |
|---------------|----------------|-------------------|---------------------|---------------------|-------------------|
| 31 March 2023 | 2,715          | 2,556             | 94                  | 20                  | 45                |
| 31 March 2022 | 2,240          | 2,182             | 14                  | 23                  | 21                |

No expected credit loss is recognised in the accounts. The Group does 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.

## 15. Trade and other payables

|                                    | Group<br>2023<br>£'000 | Group<br>2022<br>£'000 | Company<br>2023<br>£'000 | Company<br>2022<br>£'000 |
|------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Trade payables                     | 532                    | 510                    | 33                       | 11                       |
| Other payables                     | 163                    | 77                     | -                        | -                        |
| Amounts owed to Group undertakings | -                      | -                      | 433                      | 283                      |
| Taxes and social security costs    | 974                    | 715                    | -                        | -                        |
| Accruals                           | 357                    | 246                    | 228                      | 146                      |
| Contract liabilities               | 473                    | 369                    | -                        | -                        |
|                                    | <u>2,499</u>           | <u>1,917</u>           | <u>694</u>               | <u>440</u>               |

Of the contract liability brought forward at the start of the year £369k (2022: £297k) was recognised in revenue in the year.

## 16. Lease liabilities

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

|                                     | 2023<br>£'000 |
|-------------------------------------|---------------|
| At 31 March 2022                    | 284           |
| Lease payments                      | (97)          |
| Interest expense                    | 8             |
| Closing amounts as at 31 March 2023 | <u>195</u>    |
| Current                             | 69            |
| Non-current                         | <u>126</u>    |

## 17. Share capital

|                                                          | 2023<br>£'000 | 2022<br>£'000 |
|----------------------------------------------------------|---------------|---------------|
| Allotted, called up and fully paid                       |               |               |
| 39,961,955 (2022: 39,961,955) Ordinary shares of 5p each | <u>1,998</u>  | <u>1,998</u>  |

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<br>Ordinary<br>shares<br>'000 | Amount<br>called up<br>and fully<br>paid<br>£'000 | Share<br>premium<br>£'000 | Merger<br>reserve<br>£'000 |
|------------------|-----------------------------------------|---------------------------------------------------|---------------------------|----------------------------|
| At 31 March 2021 | 39,962                                  | 1,998                                             | 1,712                     | 3,042                      |
| At 31 March 2022 | 39,962                                  | 1,998                                             | 1,712                     | 3,042                      |
| At 31 March 2023 | 39,962                                  | 1,998                                             | 1,712                     | 3,042                      |

## 18. Reserves

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

The merger relief reserve arose on the Company's acquisition of Altair. There is no legal share premium on the shares issued as consideration as section 612 of the Companies Act 2006, which deals with merger relief, applies in respect of the acquisition. Since the shareholders of Altair became the majority shareholders of the enlarged group, the acquisition is accounted for as though the legal acquiree is the accounting acquirer.

## 19. Dividends

| Amounts recognised as distributions to equity holders                                   | 2023<br>£'000 | 2022<br>£'000 |
|-----------------------------------------------------------------------------------------|---------------|---------------|
| Final dividend for the year ended 31 March 2022 of 0.4p per share (2021: 0.4p)          | 160           | 160           |
| Interim dividend for the year ended 31 March 2023 of 0.25p per share (2022: 0.2p)       | 100           | 80            |
|                                                                                         | <u>260</u>    | <u>240</u>    |
| Proposed final dividend for the year ended 31 March 2023 of 0.5p per share (2022: 0.4p) | 200           | 160           |

## 20. Share-based payment transactions

The Company operates an Unapproved Scheme and an Enterprise Management Incentives Scheme. The total charge in the year to 31 March 2023 arising from share-based payment transactions is £12k (2022: £8k).

| Unapproved scheme                                 | Number<br>'000 | Weighted<br>average<br>exercise price |
|---------------------------------------------------|----------------|---------------------------------------|
| Number of options outstanding at 1 April 2022     | 171            | £0.35                                 |
| Lapsed during period                              | -              |                                       |
| Exercised during period                           | -              |                                       |
| Number of options outstanding as at 31 March 2023 | <u>171</u>     |                                       |
| Number of options exercisable as at 31 March 2023 | <u>171</u>     |                                       |

The exercise price of the options outstanding at 31 March 2023 is 35p. The weighted average remaining contractual life of the options outstanding at 31 March 2023 is 2 years (2022: 3 years).

| EMI scheme                                        | Number<br>'000 | Weighted<br>average<br>exercise price |
|---------------------------------------------------|----------------|---------------------------------------|
| Number of options outstanding at 1 April 2022     | 1,474          | £0.05                                 |
| Granted during the period                         | 931            | £0.26                                 |
| Lapsed during the period                          | (169)          | £0.05                                 |
| Cancelled during period                           | (40)           | £0.26                                 |
| Number of options outstanding as at 31 March 2023 | <u>2,196</u>   |                                       |
| Number of options exercisable as at 31 March 2023 | <u>1,305</u>   |                                       |

The weighted average remaining contractual life of the options outstanding at 31 March 2023 is 5 years (2022: 3 years).

On 1 April 2022, the Company granted 930,770 options to certain employees and directors of the Group at an exercise price of 26p. The options are exercisable between 1 April 2025 and 31 March 2032. The weighted average fair value of the options at grant date was £0.0416. The fair value of the options was measured using the Black Scholes options valuation model. The inputs into that model in respect of the EMI share options were as follows:

Share price £0.26

Exercise price £0.26

Expected volatility 20.81%

Expected option life 10 years

Risk-free rate 1.3%

## 21. Related party disclosures

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

Dividends totalling £76k (2022: £70k) were paid in the year in respect of Ordinary Shares held by the Company's directors.

At 31 March 2023, the balance owed to Richard Wollenberg for services as a non-executive director was £8k (2022: £4k).

Amounts paid to Derek Joseph for consultancy services £17k (2022: £23k).

## 22. Control

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

## 23. 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 only deposits cash with banks that have an A rating. The Group holds cash in current and treasury reserve accounts. The sums held in treasury reserve are on less than six-month terms, the Group has access to this cash should it be required at short notice.

The Group considers its credit risk to be low. Of the total trade receivables at the 2023 year-end £729k (2022: £258k) 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 balances of £2,405K (2022: £2,193k) at the year-end.

Trade payables are all less than 30 days.

### 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 Group's 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.

## 24. Post Balance Sheet events

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 26 July 2023 at 12:00 midday, 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 resolutions 7 and 8 will be proposed as special resolutions. Resolutions 6 to 8 are items of special business.

### Ordinary business

1. To receive the reports of the directors and auditor and the financial statements for the period ended 31 March 2023.
2. To approve the remuneration report for the period ended 31 March 2023.
3. To approve the revised remuneration policy applicable for the period commencing 01 April 2023 as set out in the annual report and financial statements.
4. That, following a recommendation by the directors, a final dividend payment of 0.5p per Ordinary Share shall be paid to those persons who were named on the register of shareholders on 14 July 2023.
5. That Crowe UK LLP be and is hereby reappointed as auditor of the Company and that the directors be authorised to determine the auditor's remuneration.

### Special business

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 £73,825 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 connect 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



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By order of the board  
**Claire Banks -**  
**Company Secretary**  
30 June 2023

## Notes to the notice of the Annual General Meeting

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](http://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 29 June 2023 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 29 June 2023 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. 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 their 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**

Derek Joseph  
Non-Executive Chair

Dr Fiona Underwood  
Group Chief Executive  
Officer

Claire Banks  
Group Finance Director

Richard Wollenberg  
Non-Executive Director

**Company Secretary**

Claire Banks

**Registered Office**

Tempus Wharf  
29a Bermondsey Wall West  
London  
SE16 4SA

**Independent Auditors**

Crowe U.K. LLP  
55 Ludgate 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 Site**

[aquilaservicesgroup.co.uk](http://aquilaservicesgroup.co.uk)

**London Stock Exchange**

[londonstockexchange.com/stock/  
AQSG/aquila-services-group-plc/  
company-page](http://londonstockexchange.com/stock/AQSG/aquila-services-group-plc/company-page)