Aquila

Annual report and financial statements for the year ended 31 March 2024

Company Registration No. 08988813 (England and Wales)

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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

Our values inform how we work with our clients and colleagues every day. We are socially focused and committed to making a difference through working in partnership with our stakeholders to challenge the norm, strive for excellence and influence our sectors to do the right thing.

These values are intrinsic to the work we do for our clients:

Leadership: Our expertise guides the sectors through challenge.

Quality: We always strive for excellence.

Insight: Our research helps you stay ahead of the curve.

Our culture and the way we work is guided by the following behaviours:

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 2024

Revenue £12,400k (2023: £12,249k)	**Gross profit** £2,319k (2023: £2,605k)	**Gross profit margin** 19% (2023: 21%)
Underlying operating profit* £305k (2023: £806K)	**Statutory profit after tax** £137k (2023: £518k)	**Cash balances** £1,448k (2023: £2,405k)

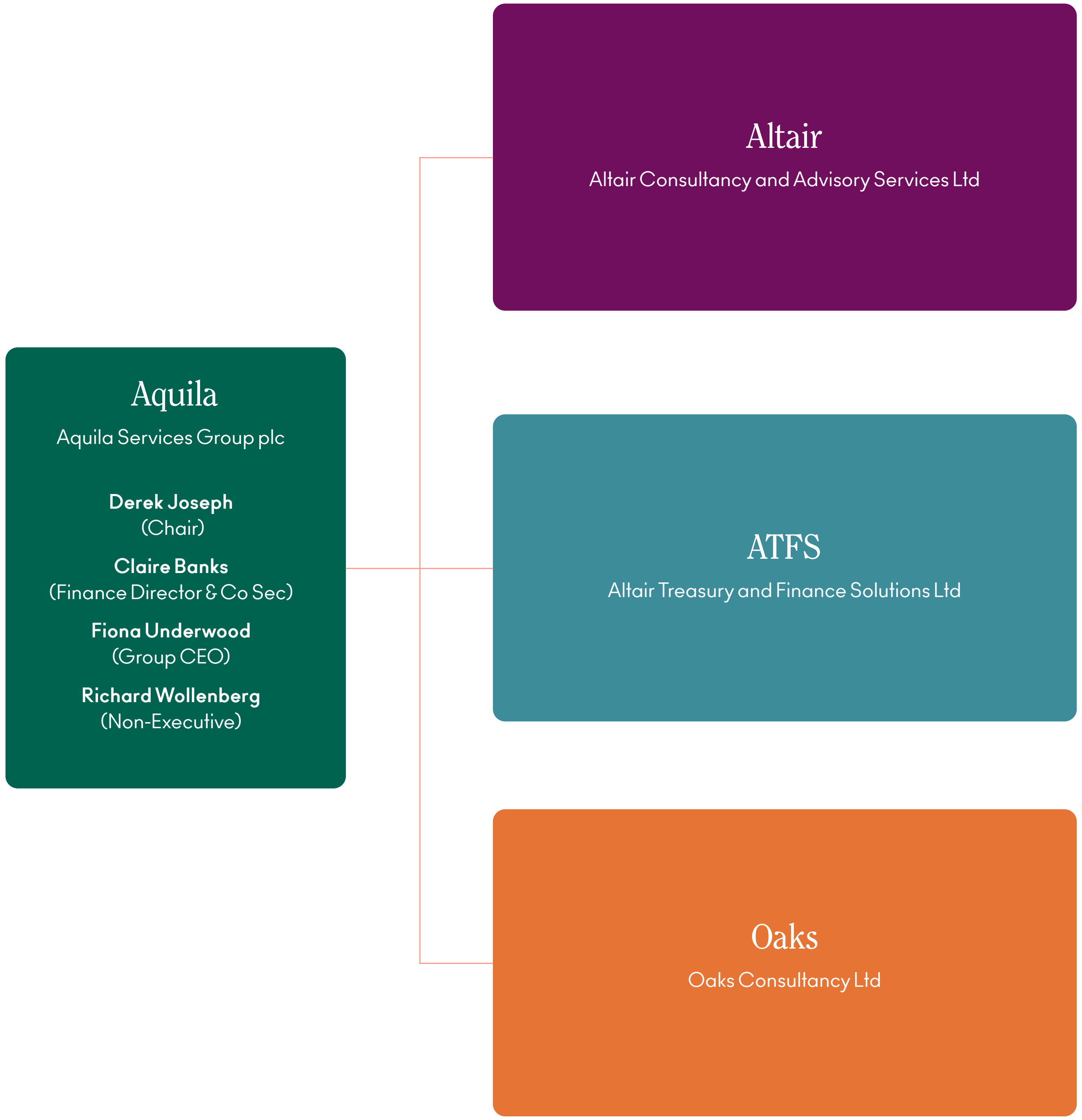
*Underlying operating profit is calculated by adjusting the reported pre-tax profit for restructuring costs, share-based payment charges and impairments of goodwill.

Dividend

The Directors propose a final dividend of 0.6p per share (2023: 0.5p).
This will be paid on 5 August 2024 to shareholders on the register at 19 July 2024.

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'), Altair 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 provides advice and support across the affordable housing, regeneration, sport, charity and education sectors. Its purpose is to assist organisations that benefit local communities such as housing associations, local authorities, government agencies, multi-academy trusts, other non-profit organisations and those set up for community benefit, as well as providing related high-level business advice to the commercial property sector.

Group members

Altair Consultancy and Advisory Services Ltd

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

The services that Altair offers cover housing development and regeneration, property asset management, health and safety compliance and building safety advice, strategic financial advice, governance and risk management, executive and non-executive recruitment, 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 and increasingly within our transformation team.

Altair 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, 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, 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

I am pleased to present the Annual Report and Financial Statements for the year to 31 March 2024. You are invited to attend the Annual General Meeting of the company which will be held on 26 July 2024 at 1pm at Tempus Wharf, Bermondsey Wall West, London SE16 4SA.

On the 21 February 2024 the company requested the London Stock Exchange to cancel its listing on the main market which duly happened on 22 March 2024. The reasons for the de-listing have previously been circulated to shareholders and can be summarised as the significant cost of maintaining the listing compared to reducing benefits. That acquisition targets did not identify significant value from holding shares in an illiquid market. The valuation that the market put on the shares was significantly below what the Directors believed was the underlying value of the company. Increasing regulation for listed companies resulted in smaller companies utilising a disproportionate amount of resources on an increasing administrative burden.

As the de-listing occurred close to the end of the financial year, little of the benefit is accrued for the period under review but work has now started on the streamlining of the Group's legal and financial structures to make best use of the advantages. For shareholders reading this report, the main benefit is in having a simpler and more transparent reporting and the confidence is encouraging the board to recommend an increased final dividend.

Underlying operating profit for the year was £305k (£806k previous year), profit after tax and exceptional items, of £82k, was £137k (£518k previous year) and earnings per share 0.34p (1.29p previous year).

The core activities of the Group are to provide consultancy support particularly in the fields of finance, HR, governance, IT, compliance, project management and strategic advice to organisations involved in the provision of affordable housing and community services, the latter principally health, education and sports. The client base is mainly in the UK with an increasing international presence and includes supranational organisations such as the World Bank, national governments, regional authorities, statutory bodies as well as commercial charities and NGOs. Turnover for the year under review was £12.4m (£12.2m previous year) and of this 91% was in the UK and 9% was international. The Group employs 110 staff based in two main offices in London and Birmingham with a number of satellite offices in the UK and internationally.

During the year under review the Group encountered a number of economic headwinds partly driven by the cost and funding pressures on our clients who operate in the public and community services sectors, as well as the impact of cost and wage inflation on the retention and recruitment of our own staff. The latter impacted on our cost base and it has taken time for increases in fee levels to be included in existing contracts and future tenders. These had a material impact on our ability to grow and increase turnover as well as profitability. It was only in the final quarter of the financial year that we started to see a return to normal levels of profitability. We had expected that this improvement would continue into the current financial year but this has now been disrupted, at the time of writing, by the calling of a General Election which has led to uncertainty amongst our clients for agreeing new contracts. We expect this to be only temporary with most of the political parties indicating expectations of growth in spending on public services, reductions in interest rates and continuing reduced wage and price inflation. This has given us confidence to both increase our final dividend for the year and to start work on plans to provide enhanced liquidity to our smaller shareholders and to provide larger shareholders with an option to exchange some of their equity for bonds that would both give more certainty as to income and carry a maturity date.

The Group remains in a strong financial position, carries no external debt and has significant cash balances. These balances have been somewhat eroded in the last few months because of some clients, especially public bodies, increasing the period before payment of outstanding invoices as they conserve their own cash flow. Our expectation is that with a new more stable political and economic environment, these cash flow pressures on our clients will be reversed. At the balance sheet date 31 March 2024 net current assets were £2,866 of which £1,448k was in the form of cash or bank deposits. Since the end of the financial year there has been a small reduction with net assets currently estimated at £2,357k and cash at bank or on deposit of £1,730k.

To reflect the improved expectations for the current financial year and the savings from de-listing, the Directors are recommending an increase in the final dividend of 18% from 0.5p per share to 0.6p per share which will be payable on 5 August 2024 to shareholders on the register at 19 July 2024.

The financial year just ended has been challenging for both our clients and our staff, all of whom have been working together to improve the vital services that nearly everybody relies on for their quality of life. My fellow non-executive Director, Richard Wollenberg, and myself are always impressed by the dedication to the work of the Group that we see on a day-to-day basis from our staff and the alignment of the objectives of the Group with those of our clients. Lastly, I must give mention to the commitment of our Chief Executive, Fiona Underwood. She provides the leadership and work ethic that holds the Group together and keeps us on track. Under her guidance, we are also growing our next generation of leaders.

–
Derek Joseph – Chair
28 June 2024

Strategic report

Strategy and objectives

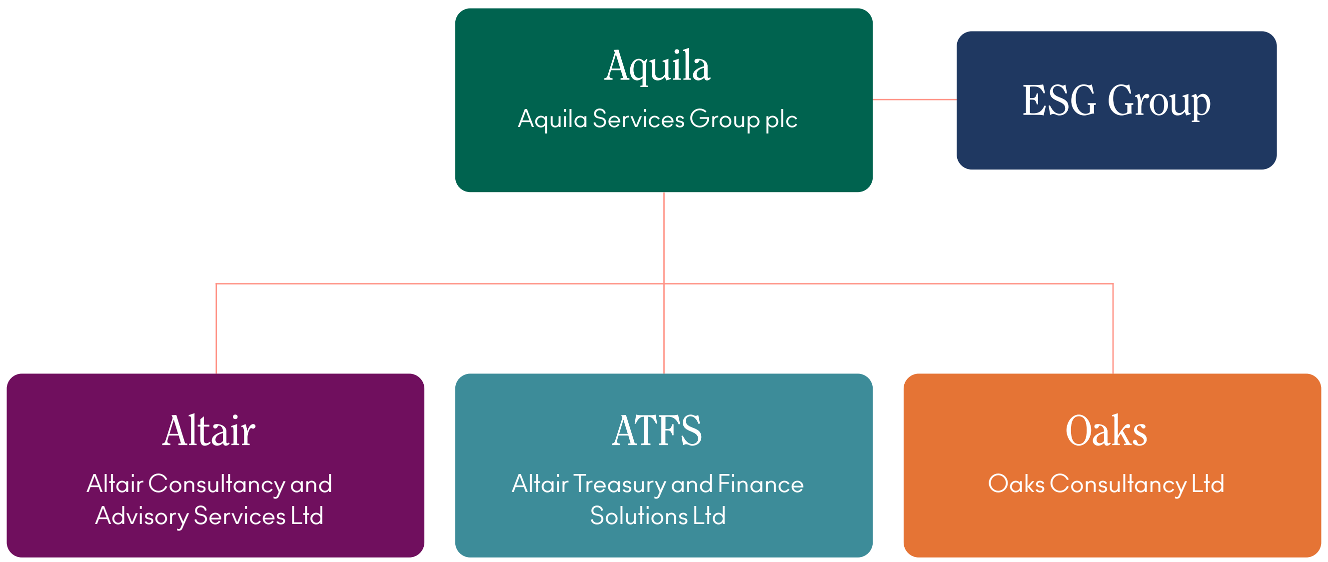
Aquila Services Group (Aquila) has a bold purpose to 'make a better, more sustainable and socially responsible world'. We achieve this by being a consultancy group which provides professional support services to socially focused sectors in the UK and internationally.

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 2024



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 has an employee led group focusing 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.

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.

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.

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

The following table sets out how the Company considers the interests of the employees.

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

The table to the right sets out how the Company considers the interests of investors and customers.

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 employee led ESG Group was formed, 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 ESG Group was formed 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
Why they matter to us	Providers of capital and therefore growth opportunities. A significant proportion of shareholders are also employees.	Key resource of talent providing solutions and innovative product development to assist clients. Critical in achieving the Group's objectives. To offer employees the opportunity to work in an environment that has a positive social impact.	Our clients provide services that help in making a better, more sustainable, and socially responsible world. The aim of the Group is to assist clients in achieving this. They are the Group's main source of revenue.
What matters to them	Return on investment. Longevity of the business.	Recognition and reward. Interesting work and strong client relationships. Strong culture and values. Personal and career development.	Quality and value for money. Sound advice. Strong relationships with the Group's employees.
Type of engagement	Annual and half-year reports. Meetings with investors.	Regular staff surveys. Regular use of different media forums to inform and listen. Investment in new products and thought leadership research pieces.	Direct engagement with clients.
How the board engages	Board attendance at the AGM. Non-executive director meetings.	Attendance at staff conferences. Regular webinar updates and communications.	Regular communication via publications, and e-bulletins. Customer satisfaction survey.
How they influence board-making decisions	Investors' opinions are taken into account when considering future policy.	The employee led ESG Group set the strategy and action plan for the board and are tasked with its implementation. They report their activity to the Group's board and employees.	Investment in new product development. Customer insight may lead to research and product development opportunities.

Principal risks and uncertainties

The principal risks currently faced by the Group are:

Risk	Impact
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 and political uncertainty combined with high interest rates 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 there is diversity across its client base, not relying on any one client or group of clients. Changes to government policy may adversely affect the Group. The Group ensures that it is aware of the impact of these changes and adapts its products and services to proactively respond to this risk.
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 retained Cyber Essentials Plus status during the year.

Mitigations of risk

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

Business performance and position

Altair
Altair was able to retain its turnover, despite challenging conditions and the core workstreams of governance, finance and transformation remained in demand with clients across the United Kingdom and the Republic of Ireland. As policy changed and the focus on current housing assets increased it meant a switch from the traditional placement model to a project-driven approach and the increase in commissions for our technical property team. The slowdown of the procurement of services within our technology and commercial workstreams led to a re-evaluation of how these services were delivered.

The Social Housing (Regulation) Act received Royal Assent on 20 July 2023 which brought a strengthening of the Regulator of Social Housing, the introduction (in April 2024) of a new inspection regime which has broadened to include new consumer standards, additional powers to the Housing Ombudsman, plus powers to set time limits on response to damp and mould hazards and a requirement for qualifications for social housing managers. There are also changes to the Building Safety Act (2022) which have come into force in April 2024.

As a result Altair has strengthened its Strategic Asset Management Team and its approach to Consumer Regulation and increasing role of the Housing Ombudsman. These are areas that have seen increasing levels of work in the final quarter of 2023-2024.

In the final quarter, of the year under review, the Board took the decision to amalgamate the subsidiary company Oaks into Altair, operational from 1 April 2024. This was to accelerate the delivery of the agreed Oaks business plan, leveraging the services provided by Altair into the sports, education and charities sector. At the time of writing there are positive signs that this is being achieved.

The employees of ATFS, our treasury advisory subsidiary, were also TUPE'd into Altair in February 2024 to consolidate our presence and deliver an integrated Corporate Finance and Treasury service to our clients across the sectors that we operate within.

As at 1 April 2024 all services (with the exception of those FCA regulated services which continue to be delivered through ATFS) are delivered under one brand through Altair.

ATFS
The changes made in the previous financial year proved to be successful and this resulted in improved performance for ATFS in the year. The team delivered a successful finance conference for the education sector in February 2024 and it is planned to repeat this in the current financial year.

With colleagues in Altair the team has spent time developing the new approach to delivering a Corporate Finance and Treasury product which, if unregulated, will be marketed and delivered through Altair in the coming year.

ATFS will continue to be the vehicle for our FCA regulated products.

Oaks
The planned investment as part of the new business plan resulted in the successful recruitment of three market directors to lead the Sports, Education and Charities sector. The investment, coupled with a slower market, led to the decision in the final quarter of the financial year to move the staff and services provided by Oaks into Altair, which was completed by 30 April 2024.

As part of the restructure Adam Walker, Oaks Chief Executive decided to take a step back from his role after 16 years of leading Oaks to focus on a number of new challenges outside of the Aquila Group.

The move to Altair is showing positive signs of the growth potential for expanding Altair's services into the Sports, Education and Charities sectors.

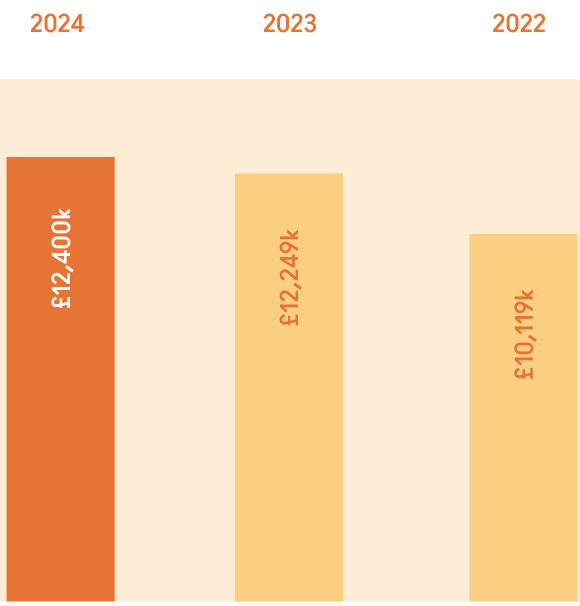
Key performance indicators

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

Revenue
£12,400k

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

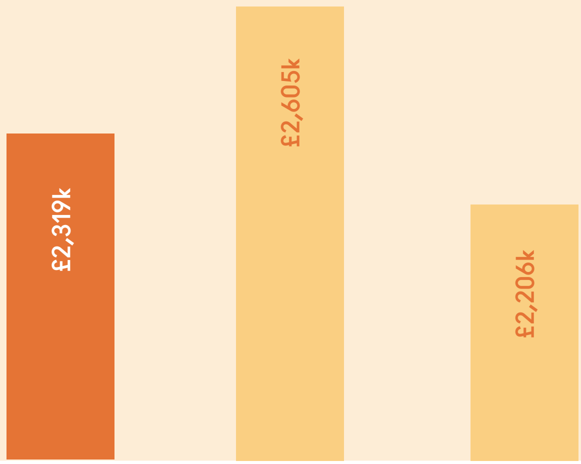
The target
To deliver growth in revenue from expansion both geographically and by business stream.



Gross profit
£2,319k

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

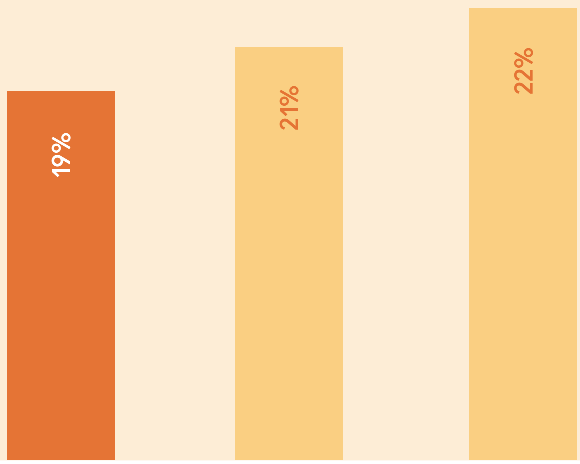
The target
To deliver growth in gross profit across all parts of the Group.



Gross profit margin
19%

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

The target
To maintain strong gross profit margins.

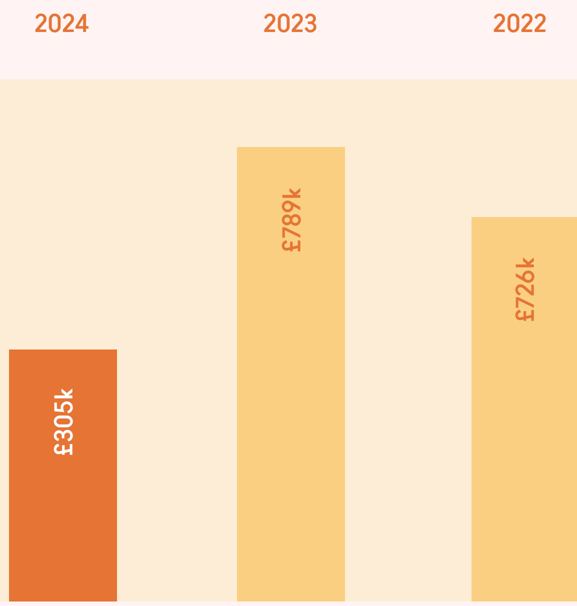


Underlying operating profit
£305k

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

The target
To deliver sustainable growth in underlying operating profit.

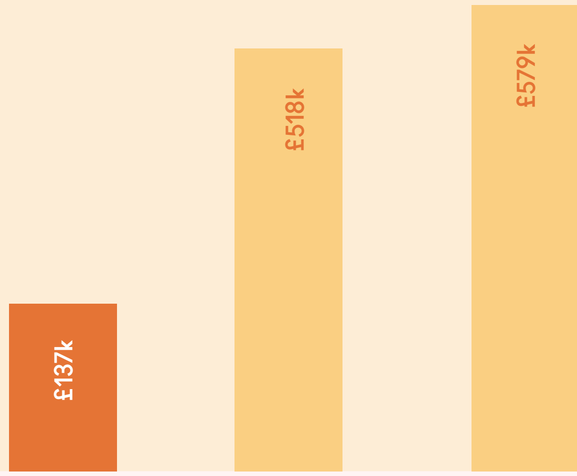
Underlying operating profit excludes costs and charges relating to restructuring, acquisition and share options.



Statutory profit after tax
£ 137k

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

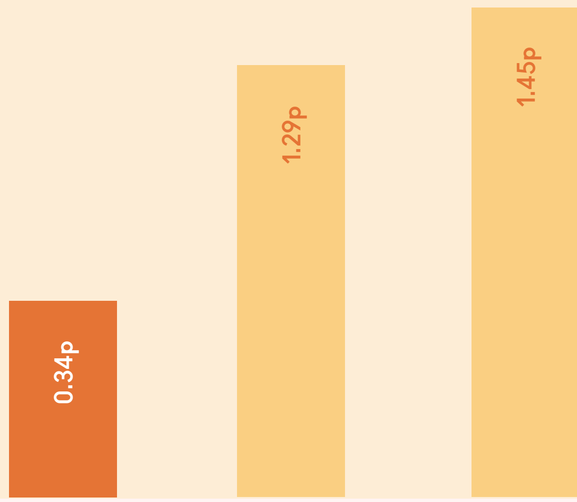
The target
To deliver sustainable long term growth in profit after tax.



Earnings per share
0.34p

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

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



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

	31 March 2024 £000	31 March 2023 £000	31 March 2022 £000
Underlying operating profit	**305**	**806**	**726**
Share option charge	(12)	(12)	(8)
Impairment of Goodwill	-	(120)	-
Restructuring costs	(82)	-	-
Profit before taxation	**211**	**674**	**718**

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
28 June 2024

Directors' report

The Directors present their report and consolidated financial statements for the year ended 31 March 2024.

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 21.

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 2024 are set out from page 33.

Dividend

The directors propose a final dividend of 0.6p per share for the year end (2023: 0.5p). The total dividend for the year was 0.85p per share (0.25p was paid as an interim dividend in December 2023) this compares to a total dividend of 0.75p per share in 2023.

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

Corporate Governance Statement

The Directors' Report incorporates the Corporate Governance Statement set out on pages 24 to 28.

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 24 to 28.

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.

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
28 June 2024

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 explains how the Company has observed principles set out in the QCA code as relevant to the company.

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.

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 nine 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.

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; and
- 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	9	2	1	1
Derek Joseph	9	2	1	1
Richard Wollenberg	9	2	1	1
Fiona Underwood	8	1	-	-
Claire Banks	9	-	-	-

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 2024, these totalled £60k. (2023: £17k).

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.

Composition, succession and evaluation

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

During the year ended 31 March 2024, the Board did not undertake a board evaluation.

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.

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 27) 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
28 June 2024

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 "parent company") and its subsidiaries (the "group") for the year ended 31 March 2024 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 financial statements is applicable law and UK-adopted international accounting standards.

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 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

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 group's and parent 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.

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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of 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 parent company and their 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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 available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

–

Matthew Daniels - (Senior Statutory Auditor)
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
R+ Building
2 Blagrave Street
Reading RG1 1AZ

28 June 2024

Consolidated statement of comprehensive income For the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Revenue	4	12,400	12,249
Cost of sales	5	(10,081)	(9,644)
Gross profit		2,319	2,605
Administrative expenses	5	(2,131)	(1,828)
Operating profit		188	777
Finance income	4	23	17
Impairment of Goodwill	10	-	(120)
Profit before taxation	6	211	674
Income tax expense	8	(74)	(156)
Profit for the year		137	518
Total comprehensive income for the year		137	518
Earnings per share attributable to owners of the parent			
Basic	9	0.34p	1.29p
Diluted	9	0.33p	1.26p

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

Consolidated statement of financial position
As at 31 March 2024

	Notes	Group 2024 £'000	Group 2023 £'000
Non-current assets			
Goodwill	10	3,197	3,197
Property, plant and equipment	11	407	234
Investments	13	71	71
		3,675	3,502
Current assets			
Trade and other receivables	14	3,592	3,130
Cash and bank balances		1,448	2,405
		5,040	5,535
Current liabilities			
Trade and other payables	15	1,995	2,260
Lease liabilities	15, 16	76	69
Corporation tax	15	103	170
		2,174	2,499
Net current assets		2,866	3,036
Non-current lease liabilities	16	280	126
Net assets		**6,261**	**6,412**
Equity			
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	376	364
Retained losses		(867)	(704)
Equity attributable to the owners of the parent		**6,261**	**6,412**

The financial statements were approved by the Board and authorised for issue on 28 June 2024.

Company statement of financial position
As at 31 March 2024

	Notes	Company 2024 £'000	Company 2023 £'000
Non-current assets			
Property, plant and equipment	11	17	12
Investments in subsidiaries	12	4,084	4,072
Investments	13	71	71
		4,172	4,155
Current assets			
Trade and other receivables	14	1,830	236
Cash and bank balances		17	1,052
		1,847	1,288
Current liabilities			
Trade and other payables	15	193	694
		193	694
Net current assets		1,654	594
Net assets		**5,826**	**4,749**
Equity			
Share capital	17	1,998	1,998
Share premium account	17	2,341	2,341
Share-based payment reserve	20	376	364
Retained earnings		1,111	46
Equity attributable to the owners of the parent		**5,826**	**4,749**

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 £1,365k (2023: £103k).

The financial statements were approved by the Board and authorised for issue on 28 June 2024.

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

Consolidated statement of changes in equity
For the year ended 31 March 2024

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Share based payment reserve £'000	Retained losses £'000	Total equity £'000
Balance at 1 April 2022	**1,998**	**1,712**	**3,042**	**415**	**(1,025)**	**6,142**
Total comprehensive income	-	-	-	-	518	518
Transfer on reserves	-	-	-	(63)	63	-
Share based payment charge	-	-	-	12	-	12
Dividend	-	-	-	-	(260)	(260)
Balance at 31 March 2023	**1,998**	**1,712**	**3,042**	**364**	**(704)**	**6,412**
Balance at 1 April 2023	**1,998**	**1,712**	**3,042**	**364**	**(704)**	**6,142**
Total comprehensive income	-	-	-	-	137	137
Share based payment charge	-	-	-	12	-	12
Dividend	-	-	-	-	(300)	(300)
Balance at 31 March 2024	**1,998**	**1,712**	**3,042**	**376**	**(867)**	**6,261**

Company statement of changes in equity
For the year ended 31 March 2024

	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2022	**1,998**	**2,341**	**415**	**140**	**4,894**
Total comprehensive income	-	-	-	103	103
Transfer on reserves	-	-	(63)	63	-
Share based payment charge	-	-	12	-	12
Dividend	-	-	-	(260)	(260)
Balance at 31 March 2023	**1,998**	**2,341**	**364**	**46**	**4,749**
Balance at 1 April 2023	**1,998**	**2,341**	**364**	**46**	**4,749**
Total comprehensive income	-	-	-	1,365	1,365
Share based payment charge	-	-	12	-	12
Dividend	-	-	-	(300)	(300)
Balance at 31 March 2024	**1,998**	**2,341**	**376**	**1,111**	**5,826**

Consolidated statement of cash flow
For the year ended 31 March 2024

	2024 £'000	2023 £'000
Cash flows from operating activities		
Profit for the year	137	518
Interest received	(23)	(17)
Income tax expense	74	156
Share based payment charge	12	12
Impairment of goodwill	-	120
Depreciation	160	124
Operating cash flows before movement in working capital	360	913
(Increase) in trade and other receivables	(462)	(537)
(Decrease)/increase in trade and other payables	(265)	343
Cash generated by operations	(367)	719
Income taxes paid	(141)	(130)
Net cash (outflow)/inflow from operating activities	(508)	589
Cash flows from investing activities		
Interest received	23	17
Purchase of property, plant and equipment	(74)	(45)
Net cash (outflow) from investing activities	**(51)**	**(28)**
Cash flows from financing activities		
Lease liability payments	(98)	(89)
Dividends paid	(300)	(260)
Net cash (outflow) from financing activities	(398)	(349)
Net (decrease)/increase in cash and cash equivalents	(957)	212
Cash and cash equivalents at beginning of the year	2,405	2,193
Cash and cash equivalents at end of the year	1,448	2,405

Company statement of cash flow
For the year ended 31 March 2024

	2024 £'000	2023 £'000
Cash flows from operating activities		
Profit for the year	1,365	103
Interest received	(23)	(17)
Dividends received	(2,203)	(977)
Impairment of investment	-	120
Depreciation	11	6
Operating cash flows before movement in working capital	(850)	(765)
(Increase)/decrease in trade and other receivables	(1,594)	755
(Decrease)/increase in trade and other payables	(502)	254
Cash (outflow)/inflow generated by operations	(2,946)	244
Net cash (outflow)/inflow from operating activities	(2,946)	244
Cash flows from investing activities		
Interest on deposits	23	17
Purchase of plant and equipment	(16)	(15)
Dividends received	2,204	977
Net cash inflow from investing activities	**2,211**	**979**
Cash flows from financing activities		
Dividends paid	(300)	(260)
Net cash (outflow) from financing activities	(300)	(260)
Net (decrease)/increase in cash and cash equivalents	(1,035)	963
Cash and cash equivalents at beginning of the year	1,052	89
Cash and cash equivalents at end of the year	17	1,052

Notes to the financial statements
For the year ended 31 March 2024

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, 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 2025 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.

2. Accounting policies (cont.)

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.

2. Accounting policies (cont.)

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'.

2. Accounting policies (cont.)

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.

2. Accounting policies (cont.)

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).

3. Critical accounting estimates and judgements (cont.)

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 14.72% 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:

	2024 £'000	2023 £'000
Continuing operations - rendering of services		
Specialist housing consultancy income	10,728	10,558
Treasury management income	514	431
Specialist sports and education consultancy income	1,158	1,260
	12,400	12,249
Interest received on bank deposits	23	17
	12,423	12,266

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 (cont.)

	2024 £'000	2023 £'000
Revenue from Consultancy	11,886	11,818
Revenue from Treasury Management	514	431
	12,400	12,249
Cost of sales from Consultancy	9,758	9,269
Cost of sales from Treasury Management	323	375
	10,081	9,644
Gross profit from Consultancy	2,128	2,550
Gross profit from Treasury Management	191	55
	2,319	2,605
Administrative expenses	(2,131)	(1,828)
Operating profit	188	777

Within consultancy revenues, approximately 8% (2023: 18%) has arisen from the segment's largest customer L&Q; within treasury management 13% (2023: 11%).

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

	2024 £'000	2023 £'000
UK	11,282	11,727
Europe	742	508
Rest of World	376	14
	12,400	12,249

6. Profit before taxation

	2024 £'000	2023 £'000
Profit before taxation is arrived at after charging:		
Auditors' remuneration (see below)	48	66
Depreciation of property, plant and equipment (see note 11)	49	31
Depreciation of leasehold property (see note 11)	111	93
Impairment of goodwill	-	120
Staff costs (see note 7)	8,513	7,180

Breakdown of auditors' remuneration

	2024 £'000	2023 £'000
Auditors' remuneration		
Fees payable to the Company's auditors for:		
The audit of the parent Company	30	40
The audit of the Company's subsidiaries	13	21
The review of the interim report	3	3
The provision of a CASS assurance report to the FCA	2	2
	48	66

7. Staff costs

	2024	2023
The average monthly number of employees (including directors) employed by the Group was:	111	102

	2024 £'000	2023 £'000
Aggregate remuneration (including directors)		
Wages and salaries	7,304	6,153
Share-based payments	12	12
Pension contributions	381	314
Social security costs	816	701
	8,513	7,180
Directors' remuneration		
Salary (including taxable benefits)	318	345
Share-based payments	1	1
Pension contributions	19	17
	338	363

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

7. Staff costs (cont.)

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

	2024 £'000	2023 £'000
Salary (including taxable benefits)	200	195
Share-based payments	-	-
Pension contributions	12	10
	212	205

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.

	2024 £'000	2023 £'000
Wages and salaries	349	1,036
Share-based payments	1	5
Post-retirement benefits	19	48
	369	1,089

8. Taxation

	2024 £'000	2023 £'000
Corporation tax:		
Current year	74	156

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

Profit before taxation	211	674
Tax at the UK corporation tax rate of 25% (2023: 19%)	53	128
Expenses not deductible	21	28
Tax expense for the year	74	156

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 2024.

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.

	2024 £'000	2023 £'000
Profit after tax attributable to owners of the parent	137	518
Weighted average number of shares	**'000**	**'000**
- Basic	39,962	39,962
- Diluted	41,016	41,016
Basic earnings per share	0.34p	1.29p
Diluted earnings per share	0.33p	1.26p

10. Goodwill

Group	**Goodwill £'000**
Cost	
At 1 April 2022	3,872
Additions	-
At 31 March 2023	3,872
Additions	-
At 31 March 2024	**3,872**
Accumulated impairment losses	
At 1 April 2022	(555)
Impairment losses for the year	(120)
At 31 March 2023	(675)
Impairment losses for the year	-
At 31 March 2024	**(675)**
Net book value	
At 1 April 2022	3,317
At 1 April 2023	3,197
At 31 March 2024	**3,197**

10. Goodwill (cont.)

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 14.72% 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% (2023: 0-7%), for Treasury 0-15% (2023: 0-16%), for Oaks 0-13% (2023: 6%)

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 22% would trigger an impairment in Treasury, 25% in Property and 9% in Oaks. A decline in gross profit to 15% would trigger an impairment in Treasury, 15% in Property and 9% in Oaks. A discount rate of 48% would trigger an impairment in Treasury, 34% in Property and 24% in Oaks.

The sensitivities applied in Treasury, Property and Oaks do not provide reasonable possible changes and therefore no impairment has been made.

11. Property, plant and equipment (Group)

Group	Right of use assets-Leasehold property £'000	Leasehold improvement £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 April 2022	514	27	45	210	796
Additions	-	-	1	44	45
At 31 March 2023	514	27	46	254	841
Additions	259	-	-	74	333
Disposals	(186)	(27)	-	-	(213)
At 31 March 2024	**587**	**-**	**46**	**328**	**961**
At 1 April 2022	241	16	44	182	483
Charge for the year	88	5	2	29	124
At 31 March 2023	**329**	**21**	**46**	**211**	**607**
Charge for the year	105	6	-	49	124
Disposals	(186)	(27)	-	-	(213)
At 31 March 2024	**248**	**-**	**46**	**260**	**554**
Net book value					
At 1 April 2022	273	11	1	28	313
At 31 March 2023	185	6	-	43	234
At 31 March 2024	**339**	**-**	**-**	**68**	**407**

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

Company	Computer equipment £'000
Cost	
At 1 April 2022	67
Additions	15
At 31 March 2023	82
Additions	16
At 31 March 2024	**98**
Accumulated depreciation	
At 1 April 2022	64
Charge for the year	6
At 31 March 2023	70
Charge for the year	11
At 31 March 2024	**81**
Net book value	
At 1 April 2022	3
At 31 March 2023	12
At 31 March 2024	**17**

12. Investments in subsidiaries

Company	Investments in subsidiaries £'000
Cost	
At 1 April 2022	4,735
Additions	12
At 31 March 2023	4,747
Addition	12
At 31 March 2024	**4,759**
Accumulated impairment losses	
At 1 April 2022	555
Impairment losses for the year	120
At 31 March 2023	675
Impairment losses for the year	-
At 31 March 2024	**675**
Net book value	
At 1 April 2022	4,180
At 31 March 2023	4,072
At 31 March 2024	**4,084**

12. Investments in subsidiaries (cont.)

Details of the Company's subsidiaries at 31 March 2024 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%
Altair 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	2024 £'000	2023 £'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 2024 £'000	Group 2023 £'000	**Company 2024 £'000**	Company 2023 £'000
Trade receivables	2,988	2,715	-	-
Group undertakings	-	-	1,805	195
Other receivables	40	51	15	26
Prepayments	138	102	10	15
Contract assets	426	262	-	-
	3,592	3,130	1,830	236

	Total £'000	**<30 days £'000**	**30-60 days £'000**	**66-90 days £'000**	**>90 days £'000**
31 March 2024	2,988	2,263	279	96	350
31 March 2023	2,715	2,556	94	20	45

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 2024 £'000	Group 2023 £'000	**Company 2024 £'000**	Company 2023 £'000
Trade payables	432	532	25	33
Other payables	147	163	-	-
Amounts owed to Group undertakings	-	-	115	433
Taxes and social security costs	982	974	-	-
Accruals	175	357	53	228
Contract liabilities	438	473	-	-
	2,174	2,499	193	694

Of the contract liability brought forward at the start of the year £473k (2023: £369k) was recognised in revenue in the year.

16. Lease liabilities

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

	2024 £'000
At 31 March 2023	195
Additions	259
Lease payments	(98)
Closing amounts as at 31 March 2024	356
Current	76
Non-current	280

17. Share capital

	2024 £'000	2023 £'000
Allotted, called up and fully paid		
39,961,955 (2023: 39,961,955) Ordinary shares of 5p each	1,998	1,998

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

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

	Number of Ordinary shares '000	Amount called up and fully paid £'000	Share premium £'000	Merger reserve £'000
At 31 March 2022	39,962	1,998	1,712	3,042
At 31 March 2023	39,962	1,998	1,712	3,042
At 31 March 2024	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	2024 £'000	2023 £'000
Final dividend for the year ended 31 March 2023 of 0.5p per share (2022: 0.4p)	200	160
Interim dividend for the year ended 31 March 2024 of 0.25p per share (2023: 0.25p)	100	100
	300	260
Proposed final dividend for the year ended 31 March 2024 of 0.6p per share (2023: 0.5p)	240	200

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 2024 arising from share-based payment transactions is £12k (2023: £12k).

20. Share-based payment transactions (cont.)

Unapproved scheme	Number '000	Weighted average exercise price
Number of options outstanding at 1 April 2023	171	£0.35
Lapsed during period	-	
Exercised during period	-	
Number of options outstanding as at 31 March 2024	171	
Number of options exercisable as at 31 March 2024	171	

The exercise price of the options outstanding at 31 March 2024 is 35p. The weighted average remaining contractual life of the options outstanding at 31 March 2024 is 1 years (2023: 2 years).

EMI scheme	Number '000	Weighted average exercise price
Number of options outstanding at 1 April 2023	2,196	£0.05
Granted during the period	-	£0.26
Lapsed during the period	-	£0.05
Cancelled during period	-	£0.26
Number of options outstanding as at 31 March 2024	2,196	
Number of options exercisable as at 31 March 2024	1,305	

The weighted average remaining contractual life of the options outstanding at 31 March 2024 is 4 years (2023: 3 years).

21. Related party disclosures

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

Dividends totalling £87k (2023: £76k) were paid in the year in respect of Ordinary Shares held by the Company's directors.

At 31 March 2024, the balance owed to Richard Wollenberg for services as a Non-Executive Director was £4k (2023: £8k).

Amounts paid to Derek Joseph for consultancy services £60k (2023: £17k).

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 2024 year-end £189k (2023: £729k) 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 £1,448k (2023: £2,405k) at the year-end.

Trade payables are all less than 30days.

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 2024 at 13:00, for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions numbered 1 to 6 will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution. Resolutions 6 to 7 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 2024.
2. That, following a recommendation by the directors, a final dividend payment of 0.6p per Ordinary Share shall be paid to those persons who were named on the register of shareholders on 19 July 2024.
3. That Crowe U.K. LLP be and is hereby reappointed as auditor of the Company and that the directors be authorised to determine the auditor's remuneration.
4. To re-elect as a director, Derek Joseph, who was appointed at the AGM held on 28 July 2021.
5. To re-elect as a director, Richard Wollenberg, who was appointed at the AGM held on 28 July 2021

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.

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

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By order of the Board
Claire Banks - Company Secretary
28 June 2024

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.
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 27 June 2024 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 27 June 2024 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.

Aquila

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

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Tempus Wharf
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Company Number
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Company Site
aquilaservicesgroup.co.uk