**For release [31] March 2022 7am**

# Aukett Swanke Group Plc

**Announcement of final audited results**
**for the year ended 30 September 2021**

Announcement of final audited results for the year ended 30 September 2021

Aukett Swanke Group plc ("the Group"), the international group of architects, interior designers and engineers announces its final audited results for the year ended 30 September 2021.

## *Highlights*

Revenue (less sub consultant costs) decreased by 22% to £8,822k (2020: £11,336k) primarily due to the continuing impact of COVID leading to uncertainty in decision making and inevitable delays.

Businesses in both the UK and the Middle East were loss-making however Continental Europe made a profit (excluding Group management charges) of £330k.

The overall loss for the year was £1,136k (2020: loss £20k), largely due to sup-optimal group plc costs and a one-off impairment of £249k.

As the impacts of the pandemic subsided in the second half of the year, revenue stabilised, increasing to £4,683k (H1: £4,139k) and losses before impairment reduced to £265k (H1: loss £1.017m).

## *Operations*

Looking forward the Group are considering a range of structural and geographic options to stabilise and improve the Group's underlying financial position.

Following the retirement of Nicholas Thompson at the end of the year, a new CEO will step in to lead the business in the next phase of its operations.

## *Nicholas Thompson, CEO said*

*"The pandemic has continued to affect the operations of our business, and any signs of recovery have been slow to emerge. The efforts of the business to adapt to the current economic climate has resulted in stabilised revenues in H2, higher than those in the same period in 2020, however we still have more to do if we want to return to the level of profit achieved pre-pandemic.*

*As stated in our interim accounts, H1 was strongly impacted by the uncertainties created by COVID-19 in form of project delays and deferments, and despite a more positive H2 than in 2020 there was still a greater overall loss for the period.*

*I look forward to working with the Board until the end of 2022 and help the team address the range of options they are considering in the operational review."*

## Enquiries

Aukett Swanke Group Plc - 020 7843 3000

- Nicholas Thompson, Chief Executive Officer
- Antony Barkwith, Group Finance Director

Arden Partners Plc - 020 7614 5900

- Corporate Finance: John Llewellyn-Lloyd / Louisa Waddell / Benjamin Onyeama-Christie

Investor / Media Enquiries - 07979 604687

- Chris Steele

**30 March 2022**

## *Extract from the Chairman's Statement*

This is my third year as Non-Executive Chairman, and the challenges that the business has experienced during this period have been unprecedented: first Brexit, then the Covid pandemic, and finally - at the time of writing - the ongoing tragedy taking place in Ukraine.

During the last financial year, the world continued to suffer the aftershocks of the worldwide pandemic, but the latest Omicron variant appears to be considerably less lethal than the previous ones. In consequence, many countries are starting to relax the strict measures that have been in place for almost two years, and there is a gradual return to many pre-pandemic activities, including an uplift of international travel. Were this the remaining major challenge, we would say with some confidence that the services we provide would be determined by the market economics that we were previously accustomed to and experienced in dealing with.

However, the invasion of the Ukraine by Russian forces has introduced a further challenge to the business. Leaving aside the appalling humanitarian tragedy developing in front of our eyes, and the obvious impossibility to predict either the nature of the outcome or of its timing, these conditions will make exceptional demands on our management and our talented professionals.

Despite these once-in-a-lifetime challenges, our executive team and our highly motivated staff have continued to exercise their considerable talents to work through these demanding environments. They have retained their energy, optimism, and creativity to provide the very highest levels of client service that is a key part of our company's reputation.

Governments throughout the world will continue to use the resources within their reach to power up their economies out of the pandemic. It is axiomatic that the building industry is one of the motors of the economy, and it is one of the few sectors that has continued to operate even during periods of total lockdown. It is thus not unreasonable to expect that demand for design services will continue, albeit in a modified form.

During this financial year, we have seen a continuing level of demand in all our markets, with a steady level of enquiries that have often converted into commissions. As we said in last year's Report and is equally applicable now: we remain focused on maintaining our quality of service by adapting to changing circumstances and until a more sustained market is evident.

This year's result, a loss of £1.5m which includes £249k one-off non-cash impairment, is disappointing, given the considerable efforts made by all parties to manage the Company in a very difficult business environment. Nevertheless, I fully expect our management team to continue to steer the Company around the current difficulties, always looking for suitable business opportunities.

Our CEO, Nicholas Thompson, has announced his retirement at the end of this calendar year. His many accomplishments, as Chief Executive Officer of the Company have been of the very highest calibre, and the Company owes him a debt of gratitude for the exceptional achievements during his long tenure. I would like to take this opportunity to thank Nicholas for his service to the Company throughout all these decades, for the excellence of his leadership and the clarity of his commercial vision. As is to be expected, the Board is addressing in a timely way the succession issues arising from his departure

Raúl Curiel
Chairman
30 March 2022

## *Extracts from chief executive's statement, strategic and directors' reports*

This has been a difficult year for the Group. The whole of the period was covered by the pandemic and as stated in previous reports this has led to uncertainty in decision making and the inevitable delays that this encourages. Notwithstanding this, we continue to enjoy a level of repeat and new business instructions albeit with some noticeable gaps in timing. We are, and continue to be, appreciative of those clients who have supported us with ongoing instructions during this period of uncertainty.

Our attention during the year has been on maintaining our structure and ability to service those instructions that we have which in turn has meant retaining a staff and overhead structure that is sub optimal. This is essential to preserving critical mass throughout our operations in advance of any meaningful recovery in the demand for our services. At the same time, however, we have addressed some longer-term fixed costs in the Plc company, the UK and in the Middle East operations – the benefit of which is to be seen in future periods and is further explained in the narrative below.

**Group Performance**

The past two years has been a tale of four halves. The worst of the pandemic was covered by the first six months in the current year and our revenue performance for H2 2021 is now moving slowly back to the early pandemic period covered by H2 2020.

| | H2 2021<br>£'000 | H1 2021<br>£'000 | H2 2020<br>£'000 | H1 2020<br>£'000 |
|---|---|---|---|---|
| Revenue less sub consultant costs | 4,683 | 4,139 | 4,476 | 6,860 |
| Total net expenditure | (5,043) | (5,227) | (4,994) | (6,830) |
| Impairment of intangibles | (249) | - | - | - |
| Share of results of associate and joint ventures | 95 | 71 | 336 | 106 |
| (Loss) / profit before tax | (514) | (1,017) | (182) | 136 |

Notwithstanding this out-turned result, the situation mid-year continued to indicate no immediate end to the pandemic and we continued to take advantage of the UK Government's Coronavirus Business Interruption Loan Scheme ("CBILS") and various employee schemes that were available throughout the Group's UK and overseas operations. This action provided the necessary working capital to allow us to make an orderly return to pre pandemic levels of trading.

**United Kingdom**

Much of the income during the year resulted from long term project work plus two sizeable new instructions: 457 apartments at Vulcan Wharf for London Square and a state-of-art redevelopment project for UCB with Heatherwick studio, both in our Veretec business. The Veretec business has performed well throughout the pandemic period. A number of projects were on site including: the Asticus building in London; EQ, an Head office building for CEG in Bristol; The STEAMhouse development for Birmingham City University; Nova or n2 in Victoria for Land Securities; the Featherstone building for Skanska in the City; and completion of the UK Pavilion at Dubai's' Expo 2020. The second half also saw a raft of new enquiries at the concept stage. With much of this work progressing into the second half the operation returned a profit before tax (excluding Group management charges) in H2 of £259k.

With the need to maintain our critical mass, attention was focused on overhead cost savings. Two fixed cost areas have been addressed, both under the property head. We have reduced our archiving storage cost and have appointed Agents to re-structure our head office location and find sub tenants - we are seeking cost savings of between £250k pa and £350k pa on an annualised basis, part of which has already been achieved.

The UK is expecting to significantly increase revenues net of sub consultants in the next financial year. Current secure work for 2022 already totals more than the 2021 outturn result.

**Middle East**

With less work opportunities a proportion of our time was spent in reducing our structural costs as the market for our services began to shrink. This has involved reducing our Licence network from seven down to (eventually) one and then terminating the linked property and manager cost requirements. This does not restrict our ability to work across all of the seven emirates but will require some partnering of services through our network of trusted sub consultant providers. As a result of this re-structuring we have impaired our remaining investment in Shankland Cox Limited and this is shown as a separate line in the results.

During the year we were on site with a number of projects including the Leader Sports Mall, Kyber, Safa Community and Pristine Schools, two projects on Expo: Nissan Café and the Pakistan Pavilion, two projects for WSP and three villas on Jumeriah Park. As well as the further rollout of Etisalat retail stores, and three projects in the Emirate of Al-Ain, a Mall and a Museum along with the Sheikh Mohammed bin Khalifa House refurbishment.

Notwithstanding the initiatives stated above, with revenues down 14% in H2, a larger loss before tax (excluding Group management charges and impairment provision) than H1 was recorded at £210k. The forward position indicates a continuing fall in revenue, but offset by the savings regime that is in place.

**Continental Europe**

The Continental group of operations has again been the best performing of all three operations this year with profits (excluding Group management charges) of £330k (2020: £657k). The main contributor was our associate office Aukett + Heese in Berlin, which with its sister joint venture company in Frankfurt, managed to navigate around the worst impacts of the pandemic for the second year running.

The smaller operations of Istanbul and Prague were impacted to differing degrees this year with Istanbul, a wholly owned subsidiary, recording a profit (excluding Group management charges) of £35k despite a turbulent year of political and economic instability in Turkey. The severe impact of the pandemic on the Czech Republic market led to a substantial fall in projected workload resulting in the local directors implementing an orderly closure of this joint venture operation by agreement with the Plc Board.

Significant project completions in Berlin this year included the topping out of the 56,000 sqm mixed use Am Tacheles project and the entrance areas of the historic KaDeWe department store. The 34 storey Edge East Side Tower, the tallest building in Berlin and let to Amazon, is now rising above 5$^{th}$ floor level and will complete in 2023.

In Frankfurt completions included several fit-outs for corporate and financial sector tenants alongside further landlord upgrades in the iconic Messeturm building. A major new refurbishment project has begun for an international bank in Frankfurt together with a new building for a Tata Group subsidiary company in Bonn in collaboration with the Berlin office.

The Istanbul office completed major corporate sector fit-out projects for LC Waikiki, Google, Allianz and Vakifbank in Istanbul and VM Ware in Bulgaria. A series of residential villa designs were completed for DAAX in Erbil, Iraq and concept studies for further buildings on the Cengis Campus.

The Moscow licensee completed a 37,500 sqm 500 apartment residential project in Tyumen and, in collaboration with London, concept designs for mixed use projects in Moscow including the Skolkovo Educational Hub project and an international medical centre on a nearby site. The Moscow operation's third year as a licensee business continues to make a positive contribution to Group other operating income. This latter project, being designed in the UK studio, reached a work stage milestone pre Ukraine conflict and a payment has been received since that time. No further services are being performed. Any delay in receiving the Licence fee is not material and is only recognised on receipt.

**Group/Plc costs**

As the Group has been reducing in size the Board is cognisant of the disproportionate central cost in relation to the ability of the underlying operations to generate sufficient profit to cover it. In 2020 we made some one-off savings which are not carried into 2021 resulting in a higher central cost charge this year. We are expecting this total cost to be under £1m in the forthcoming year with a further reduction in executive salaries. However, this assumes that the underlying operations can achieve more than this in profit generation to make the plc structure viable. With the pandemic abating or at least becoming a normal course of business event the Board is considering various structural changes to mitigate the central cost impact.

**Going Concern**

We expected this year to present a continuing set of challenges arising out of the pandemic and this has been the case. The main challenge has been in relation to working capital which has reduced over the period along with Group net assets as a result of losses in our main trading operations and in administering the listed company structure.

During the second half of the financial year, we saw our revenues becoming more stable as project uncertainty became the norm with our risk management procedures focusing on cost controls where this was possible.

In February 2022 the Group received a 3 month covenant waiver to avoid the risk of a breach on the net gearing covenant from February to April 2022. The Group will then attend the scheduled 6 monthly review with Coutts & Co in May 2022 to discuss the Groups' financing needs. The Group is therefore currently reliant on the ongoing support of Coutts & Co.

The Directors are considering a range of options regarding our strategy for the Group structure and geographic footprint to stabilise and improve the Groups' underlying financial position. With this in mind, the board has a reasonable expectation that the Group will have adequate resources to operate for the foreseeable future, however we face the usual uncertainties that occur in our market regarding the future levels and timing of work that are made by client decisions which are beyond our control, which could result in the Group requiring additional external financing.

The going concern statement in the Directors report and corresponding section in note 1 provide a summary of the assessments made by the directors to establish the financial risk to the Group over the next 12 months. This is further supplemented by the principal risks and uncertainties section in the strategic report.

**Prospects and Operational Review**

With the pandemic becoming a feature of commercial life we now have more visibility on what the future holds, and this is now factored into our plans. We are considering a range of options about our future particularly in the context of the size and ownership structure of the underlying entities and consequent regulatory cost. In this context we shall be seeking a replacement for the position of CEO to lead the delivery of the next phase of the Group's plans.

**Strategy**

We are a professional services group that principally provides architectural design services along with specialisms in master planning, interior design, executive architecture and some engineering services.

Our strategic objective is to provide a range of high-quality design orientated solutions to our clients that allow us to create shareholder value over the longer term and at the same time provides a pleasant and rewarding working environment for our staff. In addition, we undertake to deliver projects throughout the technical drawing stages and, onto site and up to practical completion and handover.

Our markets are subject to cyclical and other economic and political influences in the geographies in which we operate, which gives rise to peaks and troughs in our financial performance. Management is cognisant that our business model needs to reflect these variable factors in both our decision making and expectation of future performance. The recent pandemic, which affected all our operations, is an event that has required specific responses. Similarly, the current conflict in Ukraine creates an uncertain outlook in terms of both continuity of project instructions and new business activity. However, the business and the component parts have been through many sustained crises before and whilst losses have been incurred the business has been able to respond positively by adopting new business models along with re-structuring the operational costs.

**Business Model**

We operate through a ‘three hub’ structure covering: the United Kingdom with our office in London; the Middle East with a main office in Dubai; and Continental Europe with three offices in Berlin, Frankfurt and Istanbul; along with a Licensee operation in Moscow. This model has remained unchanged for several years.

The presentation of the results of our operations is at local, underlying, trading level and before the allocation of central costs in order to provide a level playing field in terms of comparable performance across the hubs as many only incur a small management charge.

The United Kingdom hub comprises three principal service offers: comprehensive architectural design including master planning, interior design and fit-out capability and an executive architectural delivery service operating under the ‘Veretec’ brand.

Our Middle East business in the United Arab Emirates (“UAE”) comprises several registered companies marketed under the common brand ‘Aukett Swanke’. The service offers within the region include architectural and interior design, post contract delivery services including architect of record and engineering design and site services. Increasingly these separate activities are being combined as a single multidisciplinary service as demanded by this market and we are now better placed to offer such a ‘one-stop shop’ service. Following an internal review of the future cost structure relating to the underlying entities the business will operate under a single company in the region.

Our Continental European operations provide services offered that are consistent with the other two hubs. Entities within this hub can provide additional drawing services to the larger operations in order to optimise both local and group wide resources.

Management of the operations is delegated to locally based Directors who are, in most instances, indigenous to the country with oversight on a regular basis by the Group’s executive management.

As a Group we now have a total average full time equivalent (“FTE”) staff contingent of 256 (2020: 291) throughout our organisation which includes both wholly owned and joint venture operations. We are ranked by professional staff in the 2022 World Architecture 100 at number 63 (2021 WA100 number 54).

Nicholas Thompson
Chief Executive Officer

Antony Barkwith
Group Finance Director

30 March 2022

# Consolidated income statement

For the year ended 30 September 2021

| | Note | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|---|
| Revenue | 2 | 12,014 | 12,166 |
| | | | |
| Sub consultant costs | | (3,192) | (830) |
| Revenue less sub consultant costs | 2 | 8,822 | 11,336 |
| | | | |
| Personnel related costs | | (7,806) | (9,600) |
| Property related costs | | (1,238) | (1,295) |
| Other operating expenses | | (1,492) | (1,324) |
| Other operating income | | 360 | 455 |
| Operating loss | | (1,354) | (428) |
| | | | |
| Finance costs | | (94) | (112) |
| Loss after finance costs | | (1,448) | (540) |
| | | | |
| Gain on disposal of subsidiary | | - | 52 |
| Impairment of intangibles | | (249) | - |
| Share of results of associate and joint ventures | | 166 | 442 |
| Loss before tax | | (1,531) | (46) |
| | | | |
| Tax credit | 4 | 395 | 26 |
| | | | |
| Loss for the year | 2 | (1,136) | (20) |
| | | | |
| (Loss) / profit attributable to: | | | |
| Owners of Aukett Swanke Group Plc | | (1,123) | 5 |
| Non-controlling interests | | (13) | (25) |
| | | (1,136) | (20) |
| | | | |
| Basic and diluted earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company: | | | |
| From continuing operations | | (0.69p) | 0.00p |
| Total (loss)/profit per share | 3 | (0.69p) | 0.00p |

# Consolidated statement of comprehensive income

For the year ended 30 September 2021

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Loss for the year | (1,136) | (20) |
| Currency translation differences | (157) | (38) |
| Other comprehensive loss for the year | (157) | (38) |
| Total comprehensive loss for the year | (1,293) | (58) |
| Total comprehensive loss for the year is attributable to: | | |
| Owners of Aukett Swanke Group Plc | (1,280) | (33) |
| Non-controlling interests | (13) | (25) |
| | (1,293) | (58) |

# Consolidated statement of financial position

At 30 September 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| Non current assets | | | |
| Goodwill | 7 | 2,370 | 2,392 |
| Other intangible assets | 8 | 324 | 653 |
| Property, plant and equipment | | 155 | 272 |
| Right-of-use assets | | 2,546 | 2,929 |
| Investment in associate | 9 | 587 | 927 |
| Investments in joint ventures | 10 | 209 | 317 |
| Deferred tax | | 241 | 214 |
| Total non current assets | | 6,432 | 7,704 |
| | | | |
| Current assets | | | |
| Trade and other receivables | | 3,975 | 3,527 |
| Contract assets | | 982 | 628 |
| Cash at bank and in hand | | 515 | 992 |
| Total current assets | | 5,472 | 5,147 |
| | | | |
| Total assets | | 11,904 | 12,851 |
| | | | |
| Current liabilities | | | |
| Trade and other payables | | (3,747) | (3,333) |
| Contract liabilities | | (829) | (606) |
| Borrowings | | (83) | (155) |
| Lease liabilities | | (539) | (539) |
| Total current liabilities | | (5,198) | (4,633) |
| | | | |
| Non current liabilities | | | |
| Borrowings | | (417) | - |
| Lease liabilities | | (2,350) | (2,805) |
| Deferred tax | | (40) | (47) |
| Provisions | | (832) | (992) |
| Total non current liabilities | | (3,639) | (3,844) |
| | | | |
| Total liabilities | | (8,837) | (8,477) |
| | | | |
| Net assets | | 3,067 | 4,374 |
| | | | |
| Capital and reserves | | | |
| Share capital | 11 | 1,652 | 1,652 |
| Merger reserve | | 1,176 | 1,176 |
| Foreign currency translation reserve | | (173) | (16) |
| Retained earnings | | (1,082) | 41 |
| Other distributable reserve | | 1,494 | 1,494 |
| Total equity attributable to equity holders of the Company | | 3,067 | 4,347 |
| | | | |
| Non-controlling interests | | - | 27 |
| Total equity | | 3,067 | 4,374 |

# Consolidated statement of cash flows

For the year ended 30 September 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Cash (expended by) / generated from operations | 5 | (896) | 151 |
| Income taxes received | | 262 | 218 |
| Net cash (outflow)/inflow from operating activities | | (634) | 369 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (33) | (245) |
| Sale of property, plant and equipment | | 16 | 16 |
| Purchase of investments | | (123) | - |
| Dividends received from associates & joint ventures | | 528 | 211 |
| Net cash received in / (expended on) investing activities | | 388 | (18) |
| | | | |
| Net cash (outflow)/inflow before financing activities | | (246) | 351 |
| | | | |
| Cash flows from financing activities | | | |
| Principal paid on lease liabilities | | (455) | (211) |
| Interest paid on lease liabilities | | (91) | (103) |
| Proceeds from bank loans | | 500 | - |
| Repayment of bank loans | | (155) | (154) |
| Interest paid | | (3) | (9) |
| Net cash outflow from financing activities | | (204) | (477) |
| | | | |
| Net change in cash and cash equivalents | | (450) | (126) |
| | | | |
| Cash and cash equivalents at start of year | | 992 | 1,145 |
| Currency translation differences | | (27) | (27) |
| Cash and cash equivalents at end of year | | 515 | 992 |

| | | |
|---|---|---|
| *Cash and cash equivalents are comprised of:* | | |
| Cash at bank and in hand | 515 | 992 |
| Cash and cash equivalents at end of year | 515 | 992 |

## Consolidated statement of changes in equity

For the year ended 30 September 2021

| | Share capital | Foreign currency translation reserve | Retained earnings | Other distributable reserve | Merger reserve | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 October 2019 | 1,652 | 22 | 36 | 1,494 | 1,176 | 4,380 | 133 | 4,513 |
| Profit/(loss) for the year | - | - | 5 | - | - | 5 | (25) | (20) |
| Acquisition of minority interest | - | - | - | - | - | - | (81) | (81) |
| Other comprehensive income | - | (38) | - | - | - | (38) | - | (38) |
| Total comprehensive income | - | (38) | 5 | - | - | (33) | (106) | (139) |
| At 30 September 2020 | 1,652 | (16) | 41 | 1,494 | 1,176 | 4,347 | 27 | 4,374 |
| Loss for the year | - | - | (1,123) | - | - | (1,123) | (13) | (1,136) |
| Acquisition of minority interest | - | - | - | - | - | - | (14) | (14) |
| Other comprehensive income | - | (157) | - | - | - | (157) | - | (157) |
| Total comprehensive income | - | (157) | (1,123) | - | - | (1,280) | (27) | (1,307) |
| At 30 September 2021 | 1,652 | (173) | (1,082) | 1,494 | 1,176 | 3,067 | - | 3,067 |

The other distributable reserve was created in September 2007 during a court and shareholder approved process to reduce the capital of the Company.

The merger reserve was created through a business combination in December 2013 representing the issue of 19,594,959 new ordinary shares at a price of 7.00 pence per share.

# Notes to the audited final results

## 1 Basis of preparation

The financial statements for the Group and parent have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

### Going concern

During the year the Group repaid the final £155k ($200k) balance of the USD Dollar loan.

The Group currently meets its day to day working capital requirements through its cash balances. It maintains an overdraft facility for additional financial flexibility and foreign currency hedging purposes.

In May 2021 the Group also secured additional funding by way of £500k from the Coronavirus Business Interruption Loan Scheme ("CBILS"), which is in addition to the overdraft facility. The arrangement fees for this loan and the first year of interest are paid for by the UK Government and the funds will mainly be used instead of the current bank overdraft facility as and when it is necessary. The loan has a duration of three years with interest at 4.05% over the Coutts base rate (currently 0.75%) in years two and three. We expect to repay the CBILS loan before the expiry of the term.

The overdraft facility is renewed annually and was renewed for a further 12 months in November 2021, with a review in May 2022.

The facility was initially renewed at £500k (unchanged from the prior year). However, as in prior years, the facility includes a net gearing covenant which assesses the ratio of financial indebtedness (cash at bank, less overdraft balances, loans and finance lease liabilities, excluding the UK office lease capitalised on adoption of IFRS16) to tangible net worth (net assets less goodwill and other intangible assets). This covenant is measured at each month end. The reduction in tangible net worth following the loss in the year means that the Group is unable to fully utilise the overdraft and CBILS loan at the end of each month without breaching the covenant.

In February 2022 the Group made a request to Coutts & Co, which was accepted, to waiver the net gearing covenant for the February, March and April 2022 month ends. The Group similarly agreed to temporarily reduce the overdraft facility to £250k until the end of May 2022. This provides the Group greater freedom in the short term to utilise the £500k CBILS loan and reduced £250k overdraft. The Group will then attend the scheduled 6 monthly review with Coutts & Co in May 2022 to discuss the Groups' financing needs whilst reviewing the preliminary half year management accounts and 12 month cashflow forecast.

The processes the directors have undertaken, and the reasons for the conclusions they have reached, regarding the applicability of a going concern basis are explained below. In undertaking their assessment the directors have followed the guidance issued in March 2020 by the Financial Reporting Council, "FRC guidance for companies and auditors during the COVID-19 crisis".

Forecasts for the Group have been prepared on a monthly basis through to the end of March 2023, which comprise detailed income statements, statements of financial position and cash flow statements for each of the Group's operations, as well as an assessment of covenant tests.

As the COVID-19 pandemic developed through 2020 and into 2021 it continued to affect all of the territories in which the Group operates to varying extents and other countries in which the Group has clients and projects. Having moved to remote working without any significant disruption in the prior financial year, in the year to September 2021, the Group adapted flexibly on an office-by-office basis in accordance with local government advice. All of the offices re-opened with varying levels occupancy as staff continued to operate on a mix of office, project site and home based working.

As economic uncertainty surrounding the pandemic continued, the Groups' operational management took measures including encouraging unpaid leave and part time working in the UAE operations for staff not fully utilised, furloughing UK permanent staff; flexing the number of temporary or freelance staff based on project workload and a limited number of technical and admin staff redundancies. These provided management with a range of tools implemented at short notice and with immediate effect.

The Group continued to remove non-essential expenditure. Deferred operational cash flows from the prior financial year began to unwind through the year to September 2021, and as a result the Group felt it was appropriate to drawdown the £500k CBILS loan to offset the impact of these catch-up payments. In the UK the most significant of these deferrals had been 1 quarter of VAT deferred in the prior financial year in accordance with UK government support. In the year to September 2021 the UK operation began repaying this in monthly instalments. The last instalment has since been repaid on time in January 2022.

The Groups' principal banker is Coutts & Co with whom the Group has an excellent long-term relationship extending through previous business cycles. Coutts & Co has again renewed the Group's overdraft facility as described above, and have temporarily waived the gearing covenant for 3 months. We have no reason not to expect that the overdraft facility would not be renewed again in November 2022.

Due to the uncertainty in forecasting profits during the COVID-19 pandemic Coutts & Co waived the debt servicing covenant from the facility agreement for the year ending 30 September 2021. This has been reintroduced in the November 2021 renewal and is due for assessment following the year ending 30 September 2022 (assessed on completion of the annual audit, anticipated in January 2023).

The other covenant applicable relates to maintaining a level of UK eligible debtors.

The Group has managed cash flow within its facilities so far. During the course of the next 12 month going concern review period, our forecast assumes that no additional external financing is received when measuring the Groups ability to continue to operate and that the CBILS loan instalments commence their 24 monthly repayments from June 2022.

The Groups' assessment of going concern is therefore focussed on its ability to operate within the £250k overdraft limit to the end of May 2022, then assuming a return to the £500k overdraft limit thereafter.

The Group forecasts on the basis of earnings and billings from i) secure contractual work, ii) known potential work which is deemed to have a greater than 50% chance of being undertaken and is predominantly follow on stages of currently instructed work, on which a factoring is applied; and iii) new work from known sources such as competitive tenders and submitted fee proposals, or new work to be achieved based on historical experience of market activity and timescales in which work can be converted from an enquiry to an active project which varies by territory and the service each office in the Group provides.

The risk of short term recessions and delays in clients making financial investment decisions due to the COVID-19 pandemic appear to have now largely abated. Across the Groups' business units the forecasts assessed by the Directors therefore assume the businesses continue to operate much as they have done in recent months and without the reintroduction of any new COVID-19 government support mechanisms.

However we note that the recent conflict in the Ukraine, rising energy prices and inflation globally will have macro-economic implications and could be a trigger for recession in the short to medium term, and will have significant impact on clients decision making, albeit as yet we have not experienced any material indication to this effect.

The forecasts apply sensitivities based on levels of earnings reductions sustained over the next 12 months, making controllable adjustments to the cost base through structural adjustments to staffing numbers and deferring and removing non-essential costs. We also assess overall cash levels across the Group and how those can be best deployed to ensure each of the entities in the Group has sufficient cash to operate.

The above cost planning exercise and focus on near term secure income and contract extensions has resulted in the Group reforecasting based on cash inflows from turnover less sub consultant costs reduced by an average of 11.7% against management accounts over the next 12 months. This reforecasting ensures that where the business is sensitive to expected declines in cash inflows from work, management are able to plan ahead for this and manage cost outflows effectively.

In the event that the level of turnover falls by more than the 11.7% indicated above, management have identified further cash flow initiatives around the Group which could be utilised to generate additional free cash to allow the company to continue to trade. This includes options to sublet, administrative staff and discretionary overhead cost savings and freeing up liquidity in our German associate and joint venture.

In the shorter term, management reviewed a number of scenarios, including a scenario modelling a pause on short term expected work amounting to 14.2% of income for 3 months, then followed by the same reductions in workload from the 12 month model (averaging out to over 14.1% across 12 months). In this case the Group would consistently fail the net gearing covenant and the eligible debtor covenant and could exceed the limits of the assumed £500k overdraft. This would necessitate the Group moving a level of cash from the investments in joint ventures and associates into the Group, improved debtor collection rate (which is reliant on client processes and therefore not wholly within the Group's control) than we normally forecast to remain within the limits of our facilities, and then might require additional funding.

The Directors note that the UK and other governments in the territories in which we operate, have been supportive in their efforts to enable construction and infrastructure projects to continue throughout the pandemic. With vaccine roll outs largely completed and booster programs ongoing, we see the industry now well positioned to reduce the risks of impact from further COVID-19 spikes.

With the impact the loss for the year has had on net assets and working capital, the Directors are considering a range of options regarding our strategy for the Group structure and geographic footprint to stabilise and improve the Groups' underlying financial position. With this in mind, the Board, after applying the processes and making the enquiries described above, has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

However there remains a risk that if the COVID-19 environment worsened or the Ukraine conflict lead to macro-economic uncertainty, the Group may find itself as the result of unexpected levels of delays on project work beyond its control requiring additional external financing.

For this reason, the Board considers it appropriate to prepare the financial statements on a going concern basis, however given the lack of certainty involved in preparing these cash flow forecasts, there is a material uncertainty which may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the Group or the Parent Company was unable to continue as a going concern.

## 2 Operating segments

The Group comprises three separately reportable geographical segments ('hubs'), together with a group costs segment. Geographical segments are based on the location of the operation undertaking each project.

The Group's operating segments consist of the United Kingdom, the Middle East and Continental Europe. Turkey is included within Continental Europe together with Germany and the Czech Republic.

**Income statement segment information**

| Segment revenue | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| United Kingdom | 8,871 | 7,106 |
| Middle East | 2,822 | 4,823 |
| Continental Europe | 321 | 237 |
| Revenue | 12,014 | 12,166 |

| Segment revenue less sub consultant costs | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| United Kingdom | 6,063 | 6,990 |
| Middle East | 2,517 | 4,122 |
| Continental Europe | 242 | 224 |
| Revenue less sub consultant costs | 8,822 | 11,336 |

| 2021<br>Segment result | Before goodwill and acquisition adjustments<br>£'000 | Fair value gains on deferred consideration and acquisition settlement<br>£'000 | Sub-total<br>£'000 | Reallocation of group management charges<br>£'000 | Total<br>£'000 |
|---|---|---|---|---|---|
| United Kingdom | (848) | - | (848) | 540 | (308) |
| Middle East | (936) | - | (936) | 398 | (538) |
| Continental Europe | 149 | - | 149 | 181 | 330 |
| Group costs | 104 | - | 104 | (1,119) | (1,015) |
| Loss before tax | (1,531) | - | (1,531) | - | (1,531) |

| 2020<br>Segment result | Before goodwill and acquisition adjustments<br>£'000 | Fair value gains on deferred consideration and acquisition settlement<br>£'000 | Sub-total<br>£'000 | Reallocation of group management charges<br>£'000 | Total<br>£'000 |
|---|---|---|---|---|---|
| United Kingdom | (282) | - | (282) | 496 | 214 |
| Middle East | (472) | - | (472) | 449 | (23) |
| Continental Europe | 511 | - | 511 | 146 | 657 |
| Group costs | 197 | - | 197 | (1,091) | (894) |
| Profit before tax | (46) | - | (46) | - | (46) |

## 3 Earnings per share

The calculations of basic and diluted earnings per share are based on the following data:

| Earnings | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Continuing operations | (1,123) | 5 |
| (Loss)/profit for the year | (1,123) | 5 |

| **Number of shares** | 2021<br>Number | 2020<br>Number |
|---|---|---|
| Weighted average of ordinary shares in issue | 165,213,652 | 165,213,652 |
| Effect of dilutive options | - | - |
| Diluted weighted average of ordinary shares in issue | 165,213,652 | 165,213,652 |

## 4 Tax charge

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Current tax | - | - |
| Adjustment in respect of previous years | (361) | - |
| Total current tax | (361) | - |
| | | |
| Origination and reversal of temporary differences | (126) | (26) |
| Adjustment in respect of previous years | 92 | - |
| Changes in tax rates | - | - |
| Total deferred tax | (34) | (26) |
| | | |
| Total tax credit | (395) | (26) |

The standard rate of corporation tax in the United Kingdom is applicable for the financial year was 19% (2020: 19%)

The tax assessed for the year differs from the United Kingdom standard rate as explained below:

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Loss before tax | (1,531) | (46) |
| | | |
| Loss before tax multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%) | (291) | (9) |
| Effects of: | | |
| Other non tax deductible expenses/(credits) | 60 | (12) |
| Associate and joint ventures reported net of tax | (32) | (84) |
| Tax losses not recognised | 105 | 84 |
| Current tax adjustment in respect of previous years | (361) | - |
| Deferred tax adjustment in respect of previous years | 92 | 7 |
| Income not taxable | 32 | (12) |
| Total tax credit | (395) | (26) |

## 5 Cash generated from operations

| Group | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Loss before tax – continuing operations | (1,531) | (46) |
| Finance costs | 94 | 112 |
| Share of results of associate and joint ventures | (166) | (442) |
| Intangible amortisation | 59 | 79 |
| Intangible impairment | 249 | - |
| Depreciation | 129 | 74 |
| Amortisation of right-of-use assets | 383 | 340 |
| Profit on disposal of property, plant & equipment | (2) | - |
| (Increase)/decrease in trade and other receivables | (843) | 989 |
| (Decrease) / increase in trade and other payables | 892 | (794) |
| Change in provisions | (160) | (79) |
| Unrealised foreign exchange differences | - | (82) |
| Net cash (expended by) / generated from operations | (896) | 151 |

## 6 Analysis of net funds

| Group | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Cash at bank and in hand | 515 | 992 |
| Cash and cash equivalents | 515 | 992 |
| | | |
| Secured bank loan | (500) | (155) |
| Net funds | 15 | 837 |

## 7 Goodwill

**Group**

| | £'000 |
|---|---|
| Cost | |
| At 1 October 2019 | 2,683 |
| Addition | 19 |
| Disposal | (271) |
| Exchange differences | (39) |
| At 30 September 2020 | 2,392 |
| Addition | 9 |
| Disposal | - |
| Exchange differences | (31) |
| At 30 September 2021 | 2,370 |
| | |
| Impairment | |
| At 1 October 2019 | 271 |
| Disposal | (271) |
| Exchange differences | - |
| At 30 September 2020 | - |
| Disposal | - |
| Exchange differences | - |
| At 30 September 2021 | - |
| | |
| Net book value | |
| At 30 September 2021 | 2,370 |
| At 30 September 2020 | 2,392 |
| At 30 September 2019 | 2,412 |

The disposal recorded in the prior year related to Goodwill on a Russian subsidiary which was sold during the prior year. As the Goodwill allocated to that entity had previously been fully impaired no gain or loss was recognised on disposal of the goodwill.

The addition recorded in the year related to Goodwill on the acquisition of an additional 5% shareholding in John R Harris & Partners Limited increasing the Group's shareholding from 95% to 100%.

The net book value of goodwill is allocated to the Group's cash generating units ("CGU") as follows:

| | United Kingdom | Turkey | Middle East | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| At 30 September 2019 | 1,740 | 37 | 635 | 2,412 |
| Addition | - | - | 19 | 19 |
| Exchange differences | - | (11) | (28) | (39) |
| At 30 September 2020 | 1,740 | 26 | 626 | 2,392 |
| Addition | - | - | 9 | 9 |
| Exchange differences | - | (4) | (27) | (31) |
| At 30 September 2021 | 1,740 | 22 | 608 | 2,370 |

An annual impairment test is performed over the cash generating units ('CGUs') of the Group where goodwill and intangible assets are allocable to those CGUs.

JRHP and SCL are identifiable as separate CGUs for the purposes of performing an impairment review under IAS 36. The goodwill relating to the Middle East CGU for reference purposes in the disclosure table is wholly attributable to JRHP. Intangible assets relating to both JRHP and SCL are included in the other intangible asset tables in note 8.

The recoverable amount of a cash generating unit is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets and forecasts covering a five year period. Cash flows beyond the five year period are extrapolated using long term average growth rates.

The carrying value of goodwill allocated to the United Kingdom and the Middle East is material. The total carrying value of goodwill allocated to Turkey is not material.

The key assumptions in the discounted cash flow projections for the United Kingdom operation are:

- the future level of revenue, set at a compound growth rate of 8.31% over the next five years - which is based on knowledge of past property development cycles and external forecasts such as the construction forecasts published by Experian. Historically the property development market has both declined more swiftly and recovered more sharply than the economy as a whole. Management also considers the level of future secured revenues at the point of drawing up these calculations. Projections consider a return to economic health in the year to September 2022, with assumption of a return to relative economic normality following the COVID-19 pandemic. The compound growth rate is higher than prior years modelling assumptions as it bases the starting point on the lower earnings in the year 20/21 which were significantly lower than prior years, and assumes an annualised inflation of earnings (and costs) of a higher CPI assumption of 4.6%. Compound growth used in the model compared to the 19/20 year revenue is 4.37%.

- long term growth rate - which has been assumed to be 2.0% (2020: 2.0%) per annum based on the average historical growth in gross domestic product in the United Kingdom over the past fifty years; and

- the discount rate - which is the UK segment's pre-tax weighted average cost of capital and has been assessed at 11.34% (2020: 12.66%).

Based on the discounted cash flow projections, the recoverable amount of the UK CGU is estimated to exceed carrying values by £7,530k (546%). An 8% fall in all future forecast revenues (applied as a smooth reduction to the compound growth rate noted above) without a corresponding reduction in costs in the UK CGU, or an increase in the discount rate to over 50%, would result in carrying amounts exceeding their recoverable amount. A decrease in the effective compound growth rate of revenue to 6.48% instead of the 8.31% noted above, without a corresponding reduction in costs in the UK CGU, would result in carrying amounts exceeding their recoverable amount. Management believes that the carrying value of goodwill remains recoverable despite this sensitivity given the conservative nature of the underlying forecasts prepared.

The key assumptions in the discounted cash flow projections for the Middle East operation are:

- the future level of revenue, set at a compound growth rate of 4.3% (for JRHP) over the next five years - which is based on knowledge of the current and expected level of construction activity in the Middle East. For JRHP we assume earnings in the year to September 2022 of AED 8.9m with earnings rising slowly to AED 9.9m from the year 2025/26.

- working capital requirements - which is based on management's best in a geography where it is common to have high levels of trade receivables;

- long term growth rate - which has been assumed to be 3.15% per annum based on the average historical growth in gross domestic product in the Middle East over the past forty years; and

- the discount rate – which is the Middle East segment's pre-tax weighted average cost of capital, has been assessed at 10.1% (2020: 13.7%).

Based on the discounted cash flow projections, the recoverable amount of JRHP within the Middle East CGU is estimated to exceed carrying values by at least £2.43m (252%). A decrease in the effective compound growth rate of revenue to 2.2% instead of the 4.3% noted above, without a corresponding reduction in costs in JRHP, would result in carrying amounts exceeding their recoverable amount. An increase in the discount rate to 29.2% would result in carrying amounts exceeding their recoverable amount.

The carrying value of the Middle East CGU Goodwill is entirely attributable to JRHP, whereas Other Intangible Assets (note 8) includes both JRHP and SCL. As the operations of SCL are in the process of being transferred across to JRHP, Management consider it appropriate to impair the remaining balance of Other Intangible Assets associated with SCL and this is commented on further in note 8.

Management believe that the carrying value of goodwill remains recoverable for JRHP despite this sensitivity given the conservative nature of the underlying forecasts prepared.

## 8 Other intangible assets

| **Group** | Trade name £'000 | Customer relationships £'000 | Order book £'000 | Trade licence £'000 | Total £'000 |
|---|---|---|---|---|---|
| Cost | | | | | |
| At 30 September 2019 | 701 | 404 | - | 80 | 1,185 |
| Disposal | - | - | - | - | - |
| Exchange differences | (29) | (31) | - | (4) | (64) |
| At 30 September 2020 | 672 | 373 | - | 76 | 1,121 |
| Disposal | - | - | - | - | - |
| Exchange differences | (17) | (19) | - | (3) | (39) |
| At 30 September 2021 | 655 | 354 | - | 73 | 1,082 |
| | | | | | |
| Amortisation | | | | | |
| At 30 September 2019 | 152 | 237 | - | 34 | 423 |
| Disposal | - | - | - | - | - |
| Charge | 26 | 45 | - | 8 | 79 |
| Exchange differences | (9) | (23) | - | (2) | (34) |
| At 30 September 2020 | 169 | 259 | - | 40 | 468 |
| Disposal | - | - | - | - | - |
| Impairment | 236 | 13 | - | - | 249 |
| Charge | 25 | 26 | - | 8 | 59 |
| Exchange differences | (3) | (13) | - | (2) | (18) |
| At 30 September 2021 | 427 | 285 | - | 46 | 758 |
| | | | | | |
| Net book value | | | | | |
| At 30 September 2021 | 228 | 69 | - | 27 | 324 |
| At 30 September 2020 | 503 | 114 | - | 36 | 653 |
| At 30 September 2019 | 549 | 167 | - | 46 | 762 |

Amortisation is included in other operating expenses in the consolidated income statement.

**Impairment**

Following the Group's decision to restructure the UAE business, Shankland Cox Limited ongoing contracts have been or are in the process of being reassigned into John R Harris & Partners Limited, with new work being contracted by John R Harris & Partners Limited, and the remaining licences held by Shankland Cox Limited being allowed to expire. Management therefore took the view that remaining balance of intangible assets totalling £249k should be impaired as at 30th September 2021. This impairment charge is presented separately to the amortisation charge for the year, on the face of the Consolidated Income Statement

**Trade name**

The trade name was acquired as part of the acquisition of Swanke Hayden Connell Europe Limited ("SHC") in December 2013 and also on the acquisition of Shankland Cox Limited ("SCL") in February 2016. The SHC trade name reflects the inclusion of the Swanke name in the enlarged Group. Trade names are amortised on a straight line basis over a 25 year period from the acquisition date and have remaining amortisation periods of 18 and 20 years, respectively.

**Customer relationships**

The customer relationships were acquired as part of the acquisition of SHC in December 2013, on the acquisition of John R Harris & Partners Limited ("JRHP") in June 2015 and on the acquisition of SCL in February 2016. This represents the value attributed to clients who provided repeat business to the Group on the strength of these relationships. Customer relationships are amortised on a straight line basis over a 7-10 year period from the acquisition dates. The customer relationships acquired in December 2013 have a remaining amortisation period of 3 months. The customer relationships acquired in June 2015 and February 2016 both have remaining amortisation periods of 5 years.

**Trade licence**

The trade licence was acquired as part of the acquisition of JRHP in June 2015. This represents the value of licences granted to JRHP for architectural activities in the regions in which it operates. The licence is amortised on a straight line basis over a 10 year period from the acquisition date and has a remaining amortisation period of 5 years.

## 9 Investment in associate

The Group owns 25% of Aukett + Heese GmbH which is based in Berlin, Germany. The table below provides summarised financial information for Aukett + Heese GmbH as it is material to the Group. The information disclosed reflects Aukett + Heese GmbH's relevant financial statements and not the Group's share of those amounts

| **Summarised balance sheet** | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Assets | | |
| Non current assets | 289 | 280 |
| Current assets | 4,693 | 6,755 |
| Total assets | 4,982 | 7,035 |
| | | |
| Liabilities | | |
| Current liabilities | (2,635) | (3,329) |
| Total liabilities | (2,635) | (3,329) |
| | | |
| Net assets | 2,347 | 3,706 |

Reconciliation to carrying amounts:

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Opening net assets at 1 October | 3,706 | 2,842 |
| Profit for the period | 470 | 1,201 |
| Other comprehensive income | (185) | 102 |
| Dividends paid | (1,644) | (439) |
| Closing net assets | 2,347 | 3,706 |
| | | |
| Group's share in % | 25% | 25% |
| Group's share in £'000 | 587 | 927 |
| Carrying amount | 587 | 927 |

| **Summarised statement of comprehensive income** | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Revenue | 12,243 | 13,208 |
| Sub consultant costs | (3,492) | (3,764) |
| Revenue less sub consultant costs | 8,751 | 9,444 |
| | | |
| Operating costs | (8,078) | (7,724) |
| Profit before tax | 673 | 1,720 |
| | | |
| Taxation | (203) | (519) |
| Profit for the period from continuing operations | 470 | 1,201 |
| Other comprehensive income | (185) | 102 |
| Total comprehensive income | 285 | 1,303 |

The Group received dividends of £393,000 after deduction of German withholding taxes (2020: £105,000) from Aukett + Heese GmbH. The principal risks and uncertainties associated with Aukett + Heese GmbH are the same as those detailed within the Group's Strategic Report.

## 10 Investments in joint ventures

### Frankfurt

The Group owns 50% of Aukett + Heese Frankfurt GmbH which is based in Frankfurt, Germany.

| | £'000 |
|---|---|
| At 30 September 2019 | 277 |
| Share of profits | 117 |
| Dividends paid | (110) |
| Exchange differences | 8 |
| At 30 September 2020 | 292 |
| | |
| Share of profits | 65 |
| Dividends paid | (142) |
| Exchange differences | (14) |
| At 30 September 2021 | 201 |

The Group received dividends of £135,000 after deduction of German withholding taxes (2020: £106,000) from Aukett + Heese Frankfurt GmbH. The following amounts represent the Group's 50% share of the assets and liabilities, and revenue and expenses of Aukett + Heese Frankfurt GmbH.

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Assets | | |
| Non current assets | 12 | 18 |
| Current assets | 288 | 500 |
| Total assets | 300 | 518 |
| | | |
| Liabilities | | |
| Current liabilities | (99) | (226) |
| Total liabilities | (99) | (226) |
| | | |
| Net assets | 201 | 292 |

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Revenue | 919 | 1,233 |
| Sub consultant costs | (267) | (451) |
| Revenue less sub consultant costs | 652 | 782 |
| | | |
| Operating costs | (541) | (610) |
| Profit before tax | 111 | 172 |
| | | |
| Taxation | (46) | (55) |
| Profit after tax | 65 | 117 |

The principal risks and uncertainties associated with Aukett + Heese Frankfurt GmbH are the same as those detailed within the Group's Strategic Report.

**Prague**

The Group owns 50% of Aukett sro which is based in Prague, Czech Republic.

| | £'000 |
|---|---|
| At 30 September 2019 | - |
| Share of profits | 25 |
| Exchange differences | - |
| At 30 September 2020 | 25 |
| Share of losses | (16) |
| Exchange differences | (1) |
| At 30 September 2021 | 8 |

The following amounts represent the Group's 50% share of the assets and liabilities, and revenue and expenses of Aukett sro.

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Assets | | |
| Current assets | 11 | 105 |
| Total assets | 11 | 105 |
| | | |
| Liabilities | | |
| Current liabilities | (3) | (80) |
| Total liabilities | (3) | (80) |
| | | |
| Net assets | 8 | 25 |

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Revenue | 165 | 347 |
| Sub consultant costs | (78) | (141) |
| Revenue less sub consultant costs | 87 | 206 |
| | | |
| Operating costs | (103) | (172) |
| (Loss) / profit before tax | (16) | 34 |
| | | |
| Taxation | - | (4) |
| (Loss) / profit after tax | (16) | 30 |

In the prior year the carrying value of the investment in the joint venture brought forward was limited to £nil as the company had net liabilities at the start of the prior year. The prior year share of profit was therefore reduced by £5k so that the carrying value of the investment in joint venture matched the Groups' share of the entities' net assets being £25k as at 30 September 2020.

The principal risks and uncertainties associated with Aukett sro are the same as those detailed within the Group's Strategic Report.

## 11 Share capital

| **Group and Company** | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Allocated, called up and fully paid | | |
| 165,213,652 (2020: 165,213,652) ordinary shares of 1p each | 1,652 | 1,652 |

| | Number |
|---|---|
| At 1 October 2019 | 165,213,652 |
| No changes | - |
| At 30 September 2020 | 165,213,652 |
| No changes | - |
| At 30 September 2021 | 165,213,652 |

The Company's issued ordinary share capital comprises a single class of ordinary share. Each share carries the right to one vote at general meetings of the Company.

## 12 Status of final audited results

This announcement of final audited results was approved by the Board of Directors on 30 March 2022.

The financial information presented in this announcement has been extracted from the Group's audited statutory accounts for the year ended 30 September 2021 which will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The auditor's report on these accounts was unqualified, and did not contain a statement under section 498 of the Companies Act 2006. The auditor's report for the year ended 30 September 2021 did not draw attention to any matters by way of emphasis, but it did include reference to a material uncertainty related to going concern, drawing attention to the fact that the Group may find itself, as a result of unexpected levels of delays on project work beyond its control, requiring additional financing. The opinion was not modified in respect of this matter.

Statutory accounts for the year ended 30 September 2020 have been delivered to the registrar of companies and the auditors' report on these accounts was unqualified, and did not contain a statement under section 498 of the Companies Act 2006. The auditor's report for the year ended 30 September 2021 did not draw attention to any matters by way of emphasis, but it did include reference to a material uncertainty related to going concern, drawing attention to the fact that the Group may find itself, as a result of unexpected levels of delays on project work beyond its control, requiring additional financing. The opinion was not modified in respect of this matter.

The financial information presented in this announcement of final audited results does not constitute the Group's statutory accounts for the year ended 30 September 2021.

## 13 Annual General Meeting

The Annual General Meeting will be held at 10.00am on Thursday 31 March 2022 at 10 Bonhill Street, London, EC2A 4PE.

## 14 Annual report and accounts

Copies of the 2021 audited accounts will be available today on the Company's website (www.aukettswankeplc.com) for the purposes of AIM rule 26 and will be posted to shareholders who have elected to receive a printed version in due course.