aukett swanke
GROUP PLC

Aukett Swanke Group Plc

Annual Report

For the year ended 30 September 2021

Registered number 02155571

Aukett Swanke Group Plc

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Aukett Swanke Group Plc

Five year summary

Years ending 30 September	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Total revenues under management[1]	26,426	28,534	31,505	31,950	34,583
Revenue	12,014	12,166	15,492	14,380	18,395
Revenue less sub consultant costs[1]	8,822	11,336	13,711	13,094	16,070
(Loss) / profit before tax	(1,531)	(46)	292	(2,544)	(325)
Basic earnings per share (p)	(0.69)	0.00	0.21	(1.42)	(0.20)
Dividends per share (p)	-	-	-	-	-
Net assets	3,067	4,374	4,514	4,136	6,761
Cash and cash equivalents[2]	515	992	1,145	710	960
Secured bank loans	(500)	(155)	(325)	(553)	(776)
Net funds[3]	15	837	820	157	184

[1]Alternative performance measures, refer to pages 14-15 for definition
[2]Cash and cash equivalents includes cash at bank and in hand less bank overdrafts
[3]Net funds includes cash at bank and in hand less bank loans and overdrafts (see note 21)

Corporate information

Company secretary

Antony Barkwith
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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

Board of Directors

Raúl Curiel (Non-executive Chairman) *+ #
BA(Hons) MArch Aged 75

Raúl's extensive career as a professional architect spanned some 40 years before his retirement from Aukett Fitzroy Robinson in 2015. During this period, he delivered over 300,000sqm of space in Central London, throughout the rest of UK and internationally, specialising in the design of large-scale Corporate Offices, Business Parks and Master Planning.

As well as a practising architect, he has been Chairman of Fitzroy Robinson, European Managing Director of its successor Aukett Fitzroy Robinson, and subsequently a non-executive director of the Group until 2010. He was appointed Non-executive Group Chairman in 2019.

Nicholas Thompson (Chief Executive Officer) #
BSc (Hons) MBA Aged 67

Nicholas became Group CEO in 2005 following a reverse takeover. He has over 35 years of experience in property and consulting organisations; twenty-eight of these with Aukett Swanke. He holds a master's degree in Business Administration from Bayes Business School (formerly Cass) and currently sits on the Bayes MBA Advisory Board. He is also a qualified accountant (ACMA). Nicholas is a non-executive director of the Wren Insurance Association Limited, a mutual Insurer for architectural practices and sits on their Audit, Remuneration, and Investment Strategy Committees.

Antony Barkwith (Group Finance Director & Company Secretary) ^
FCA MPhys (Hons) Aged 41

Tony is the Group Finance Director of Aukett Swanke Group Plc. He joined the Group in November 2018 as Group Financial Controller, was promoted to Group Finance Director (non-Board) in April 2019 and was subsequently appointed to the Board on 9th July 2019.

Tony is a Chartered Accountant, having qualified with BDO LLP, and has a master's degree from the University of Warwick. He was previously Group Financial Controller for Advanced Power, an international power generation developer, owner and asset manager, working there from 2010 until 2018.

Robert Fry (Executive Director & Managing Director – International) ^
BA(Hons) DipArch MA RIBA Int'l AIA Aged 65

Robert was appointed to the Aukett Swanke Group Plc Board in March 2018, retaining the role of Managing Director – International. Following his graduation from Sheffield University he spent his formative years at Milton Keynes Development Corporation. In 1987 Robert became a founding member of Swanke Hayden Connell's London office joining its Board in 2002, becoming Managing Director of the UK and Europe group in 2005.

Robert works closely with the CEO and GFD in the development of the Group's operational strategy and his considerable property and construction experience has enabled his role to assist in the development of ASG's businesses, senior management teams and corporate endeavours including mergers, acquisitions and governance initiatives in all locations.

Clive Carver (Non-executive director) +*#^
FCA FCT Aged 61

Clive joined the board in May 2019. He is the Chairman of AIM listed Caspian Sunrise PLC and Chairman and CFO of Airnow PLC, which intends to seek a Nasdaq listing. He is an experienced AIM non-executive director who spent 15 years as a Qualified Executive with a number of City broking firms and was until 2011 Head of Corporate Finance at finnCap. He qualified as a Chartered Accountant with Coopers & Lybrand and has worked in the corporate finance departments of Kleinwort Benson, Price Waterhouse, Williams de Broe and Seymour Pierce. He is also a qualified Corporate Treasurer.

Board committees

* Member of the Audit Committee chaired by Clive Carver
+ Member of the Remuneration Committee chaired by John Bullough
# Member of the Nomination Committee chaired by Raúl Curiel
^ Member of the Internal Controls and Risk Committee chaired by Clive Carver

Chief Executive's Statement

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 £'000	H1 2021 £'000	H2 2020 £'000	H1 2020 £'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 5th 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 Strategic 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.

On behalf of the Board
Nicholas Thompson
Chief Executive Officer
30 March 2022

Financial review

The headline financial results of the Group were:

	2021 £'000	2020 £'000
Total revenues under management[1]	26,426	28,534
Revenue	12,014	12,166
Revenue less sub consultant costs[1]	8,822	11,336
Net operating expenses	(10,536)	(12,219)
Other operating income	360	455
Net finance costs	(94)	(112)
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	395	26
Loss for the year	(1,136)	(20)

[1]Alternative performance measures, refer to pages 14-15 for definition

Revenues for the year were £12.01m, a decrease of 1.2% on the previous year (2020: £12.17m). However, revenues less sub consultants decreased to £8.82m (2020: £11.34m), a 22.2% decrease, as subconsultant costs increased from £0.83m last year to £3.19m.

The Group's hubs experienced mixed performance and results. While the UK increased total revenue, this was primarily due to projects acting as lead consultant. Revenue less subconsultant costs was down 13.3% year on year. Continental Europe reported an increase in both revenue (35.4%) and revenue less subconsultant costs (8.0.%). The Middle East felt the greatest impact of economic slowdown with revenues falling by 41.5% (revenue less subconsultant costs down by 38.9%).

Operating expenses in the year were reduced by £1.68m, of which £1.41m related to technical staff costs, 71% of which was from a combination of permanent reductions in headcount and temporary salary reductions agreed with staff within the UAE reflecting the reduction in technical workload and revenue. Indirect personnel expenses reduced £0.39m, of which £0.17m was in the UAE and £0.21m reduced in UK.

Other operating income reduced by £95k. This included £59k (2020: £158k) of government grants claimed on the UK furlough scheme, of which £58k had been received in cash by the year end.

Cash deferrals agreed in the prior year with UK HMRC on VAT £227k and deferred rent on UK property of £139k started to get repaid during the year. As at 30 Sep 2021 the deferred VAT balance was £114k and deferred rent £58k. Both were being paid back monthly with final instalments paid in Jan-22.

The result before tax was a loss of £1,531k (2020: £46k loss). Whilst the Group managed technical staff numbers (UK net revenue per FTE technical staff increased slightly from £101k to £104k), the limited ability of the Group to reduce the fixed cost base of the operations and Plc running costs, meant that the loss for the year was unavoidable given the level of reduction in revenue less subconsultant costs.

The tax credit of £395k arose as a combination of UK R&D tax claims made for the years 2018/19 and 2019/20 as well as deferred tax movements in the year.

Taking account of the tax credit, and loss attributable to non-controlling interests of £13k our loss after tax at £1,123k gives an EPS loss of 0.69 pence per share (2020: 0.00 pence per share (profit)).

United Kingdom

	2021 £'000	2020 £'000
Revenue	8.871	7,106
Revenue less sub consultant costs[1]	6,063	6,990
FTE technical staff[1]	58	69
Net revenue per FTE technical staff[1]	104	101
(Loss)/profit before tax (excluding Group management charges)[1]	(308)	214
Loss before tax (including Group management charges)	(848)	(282)

[1]Alternative performance measures, refer to pages 14-15 for definition

The UK's revenue increased 24.8% year on year as a result of Veretec executive architecture acting as the lead consultant on more significant projects, however revenue less subconsultants costs decreased 13.3%.

The first half of the year saw a continued slowdown of the business month on month from October to January as project delays and lower than budgeted new project wins were sustained as a hangover from the prior year. Revenue in the 6 months to March 2021 was just £3.44m (revenue less subconsultants costs £2.59m). The UK achieved 2 notable significant project wins around the turn of the year enabling a period of sustained month on month earnings growth from February 2021 onwards. As a result revenue in the second half of the year was boosted to £5.43m (revenue less subconsultants costs £3.47m).

Staff numbers (FTE technical staff) started the year at 60 in October 2020, this was reduced to a low point of 51 in March 2021 to respond to the levels of workload. Adjustments were made through a mixture of the release of agency and freelance staff on short notice periods, a limited number of redundancies, and some temporary utilisation of the UK government furlough scheme for payroll employees. Thereafter through a sustained period of reducing staff furlough combined with recruitment, staff numbers grew every month up to 71 in September 2021. The continued management of staff numbers enabled UK hub to maintain revenue at £104k per FTE for the full year, comparable with the prior year result.

Whilst management took steps to limit the impact of lower earnings, much of the operating cost base is fixed in the costs of the London office, IT infrastructure and insurances. Modest savings were achieved in day to day running costs, travel and discretionary spend and as a result the hub recorded a result (excluding Group management charges) £522k down on the prior year (on revenue less subconsultants costs £927k lower).

One off costs in the year included destruction costs of archives held in offsite 3rd party storage locations. Annual archive storage costs were £132k in the year to September 21. Costs in the year to September 2021 totalled £233k but include significant retrieval and destruction costs to rationalise retained archives. The completion of this process means budgeted archive storage costs for the year to September 2022 are just £12k.

Middle East

	2021 £'000	2020 £'000
Revenue	2,822	4,823
Revenue less sub consultant costs[1]	2,517	4,122
FTE technical staff[1]	36	52
Net revenue per FTE technical staff[1]	69	79
Loss before tax (excluding Group management charges)[1]	(538)	(23)
Loss before tax (including Group management charges)	(936)	(472)

[1]Alternative performance measures, refer to pages 14-15 for definition

Revenues decreased 41.5% from £4.82m to £2.82m in the year (revenues less subconsultant costs similarly reduced by 38.9%), due to the continued effect of the general slowdown in construction investment in the region combined with further economic contraction related to the COVID-19 pandemic sustained through the year.

Following on from measure taken in the second half of the previous financial year in the first 6 months of the COVID-19 pandemic, throughout the current year Management undertook further cost cutting measures both in technical staff costs by implementing permanent headcount reductions, temporary reduced working hours and temporary salary reductions, and in the ongoing administrative, property and operational costs. Measures to simplify the organisational structure and further consolidate and co-locate the entities' operations into common buildings which commenced in the prior year made a material difference in limiting further losses from the decrease in revenue.

Average technical staff FTE numbers reduced to 36 (2019: 52) and net revenue per FTE technical staff dropped from £79k to £69k.

Whilst the reduction in revenue less subconsultant costs was £1.61m, the increase in the hub's loss before management charges was limited to £515k, and increase in the loss before tax limited to £464k. This also includes the one-off charge of £249k impairing the balance of Shankland Cox Limited intangible assets at year end. Excluding this non trading charge, the loss before tax increased just £215k compared to the prior year.

Continental Europe

	2021 £'000	2020 £'000
Revenue	321	237
Revenue less sub consultant costs[1]	242	224
FTE technical staff[1]	8	7
Net revenue per FTE technical staff[1]	30	33
Profit before tax (excluding Group management charges)[1]	330	657
Profit before tax (including Group management charges)	149	511
Including 100% of associate & joint ventures		
Total revenues under management[1]	14,733	16,605
Revenue less sub consultant costs[1]	10,471	11,646
FTE technical staff[1]	127	129
Net revenue per FTE technical staff[1]	82	90

[1]Alternative performance measures, refer to pages 14-15 for definition

Reported revenues, comprise the Turkey subsidiary. Turkey reported revenues for the year of £321k (2020: £237k), with revenue less subconsultant costs increasing to £242k (2020: £224k). the stronger earnings was despite a further devaluation of the Turkish Lira across the period, with the average TRY to GBP rate in the year at 11.07 (2020: 8.32). With some international clients and contracts denominated in USD and EUR, the subsidiary recorded further foreign exchange gains and recorded a small local loss (including Group management charges) of £17k and profit (excluding Group management charges) of £35k.

The hub result before tax (including Group management charges), also including the joint venture and associate in Germany and the joint venture in the Czech Republic, was a profit of £149k (2020: £511k).

Continental Europe's result is materially dominated by the associate Berlin and joint venture in Frankfurt. Whilst both remained profitable throughout the year the combined profit was down on the prior year with the effects the COVID pandemic enduring leading to project program slowdowns and delays in new instructions. They together contributed £182k (2020: £418k) profit (including Group management charges) to the Continental Europe result.

After a strong year in 2020, the Czech Republic joint venture suffered from few new instructions in the first half of the year in a subdued market. Local directors in agreement with the Plc board implemented an orderly closure of the operation resulting in a loss for the year of £16k.

Total revenues under management decreased 11.3%, whilst revenue less sub consultant costs decreased 10.1% due to the effects of a full year of the economic impact of COVID-19.

Staff numbers decreased only slightly to 127 (2020: 129) leading to lower efficiencies and therefore the reduced profitability. As a result, earnings per FTE technical staff reduced to £82k (2019: £90k).

Financing

Taking account of the year's result and movements on the foreign exchange translation reserve, total equity is now £3.07m (2020: £4.37m).

Net funds (see note 21) at year end were significantly down on the prior year as a result of the loss in the year, being £15k (2020: £837k), comprising cash of £515k (2020: £992k), and a CBILS loan of £500k (2020: £nil) drawn in May 2021. The prior year loan balance of £155k (in respect of the acquisition of Shankland Cox Limited ("SCL")) was fully paid off in the year.

The CBILS loan set out in note 20 was arranged with Coutts & Co in response to the challenges of the losses incurred in the 18 months since the COVID pandemic started impacting trade. The loan is repayable over 3 years with the first instalment in June 2022 and paid back in 24 monthly instalments through to May 2024.

The Group's overdraft facility from its bankers Coutts & Co was maintained at £500k throughout the year, continuing to provide working capital flexibility and to support the UK business. This is renewable annually and currently remains in place until November 2022, with a review in May 2022. In February 2022 the group request and Coutts & Co granted a temporary waiver of the net gearing covenant from February to the end of April 2022. The Group similarly agreed to temporarily reduced the overdraft to £250k from February to May 2022. This is discussed further in note 1.

The Group has four finance leases taken out by Aukett Swanke Limited to fund the purchase of fit-out costs of the London office in June & November 2018 which are capitalised as right of use assets and finance lease liabilities. The lease liability (see note 14) as at 30 September 2021 was £133k (2020: £207k).

The Group recognises a right of use asset and lease liability on the London office which was taken out on a 10 year lease to May 2028. The lease liability as at 30 September 2021 was £2,756k (2020: £3,137k). The office leases in the UAE and Turkey are all short term, and other leases in the Group are low value, therefore no IFRS16 capitalisation of these leases has been made.

Throughout the year there has continued to be a very strong focus on cash management, liquidity forecasts and covenant compliance. Although nothing was drawn at year end, use was made of the overdraft throughout the year. Going forward utilisation of the facility is expected to continue to be required throughout the going concern period.

The Plc continues to act as the Group's central banker, and it has sought to optimise the Group's position by maximising cash flows and flexibility across geographies. The overdraft is effectively assigned to the UK businesses. All other businesses are required to be cash generative or as a minimum cash neutral. Subject to formal approval, short term working capital advances or small funding loans may be made.

Future work

Tracking and keeping an accurate record of the pipeline of future work is key to understanding the business and managing its future shape and portfolio. It is also essential in order to afford the directors time to react to any changes.

With the distribution of the business across the three hubs, there are differing profiles:

- The UK trades as two businesses: Veretec Limited and Aukett Swanke Limited. Veretec had been growing over a number of years, and continued that trend through the first half of the 2019/20 financial year until the impact of a slowdown during the COVID-19 pandemic from April 2020. It then experienced a significant slowdown and rationalised staff numbers. Since April 2020 Veretec has been increasing earnings and re-growing its technical staff base. We consider the COVID-19 downturn to have been a temporary slowdown and the company to continue its rebound into the 2021/22 year growing back up to the levels of revenue and staff numbers previously attained. Aukett Swanke Limited maintained a core stable team through much of the year however the impact of project instruction delays meant month on month earnings fluctuated through the year and earnings per technical staff were below desired levels. The company is still somewhat affected from the lingering delays on projects to progress past planning and clients committing to fund and commence construction.

- The Middle East: Previously the hub focussed on Aukett Swanke Architectural Design Limited targeted winning larger, longer-term projects which underpin its workload and in part that of SCL, with John R Harris & Partners Limited ("JRHP") and SCL also pursuing and winning smaller projects which they deliver individually. As reported last year with the onset of the COVID-19 pandemic these larger, long term projects largely stalled or stopped due to the economic challenges in the region, and the hub focussed on winning smaller projects to maintain its core staff and capability. This continued through the year to September 2021 with the bulk of new work being won and delivered by JRHP Going forwards, Management are implementing a reduction of licenses across the hub to simplify the business and make significant savings in property, license and sponsorship costs, and other overheads. The hubs' staff and expertise will be combined into JRHP as the hub continues to work on projects across the emirates in conjunction with our long history of trusted subconsultant partners.

- Continental Europe remains mixed across the portfolio. The German businesses are strongest, and Berlin and Frankfurt have strong forward order books targeting to rebuilt their profitability back up to pre-covid levels. Turkey continues to try and build strength locally, whilst enhancing their capability to support other businesses in the Group.

Key Performance Indicators ("KPIs")

The key performance indicators used within the Group for assessing financial performance are:

- Total revenues under management. This includes 100% of the revenues generated by our joint ventures in Prague and Frankfurt and associate in Berlin. This is used as a measurement of the overall size and reach of the Group and to track performance against the strategic objective of creating a diversified and balanced business across the three regional hubs, and is disclosed on pages 10 and 12. As total revenues under management includes revenue derived from subconsultants, this figure can vary significantly year on year depending on the nature of external expertise required on individual projects as described on page 12. Consolidated Group revenue can be reconciled to total revenues under management by adding i) the revenue of the associate disclosed in note 16; and ii) double the share of revenue in joint ventures disclosed in note 17;

- Revenue less sub consultant costs which reflects the revenue generated by our own technical staff but excludes the revenue attributable to sub consultants, which are mainly passed through at cost. This is the key driver of profitability for our business, and is discussed by segment on pages 10 to 12;

- Revenue less sub consultant costs being generated per full time equivalent (FTE) technical member of staff ('net revenue per FTE technical staff'). For our larger operations this provides a barometer of near term efficiency and financial health. This figure when compared to the movement in total costs provides an insight into the likely direction of profitability and is a key measure of productivity. This KPI is only analysed on a segmental basis and calculations for each segment can be found on pages 11 and 12;

- Result before taxation (excluding Group management charges), and result before taxation (including Group management charges), which are further assessed on pages 10 to 12;

- Cash at bank and in hand and net funds / (debt), which is assessed further on page 2.

The numbers of full time equivalent technical members of staff differ from the employee numbers disclosed in note 7 as, at times, the Group uses some non-employed workers through agencies and freelance contracts. Staff working on a part time basis, or on long term leave, are also pro-rated in the number of full time equivalent staff number, which differs from the method of calculating the average number of employees for the year under the Companies Act 2006 as disclosed in note 7. Full time equivalent technical members of staff are given for each hub on pages 11 and 12.

On behalf of the Board
Antony Barkwith
Group Finance Director
30 March 2022

Strategic report

The Directors present their Strategic Report on the Group for the year ended 30 September 2021.

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).

Principal Risks and Uncertainties

The directors consider the principal risks and uncertainties facing the business are as follows:

Levels of property development activity
Changes in development activity levels have a direct impact on the number of projects that are available. These changes can be identified by rises and falls in overall GDP, construction output, planning application submissions, construction tenders and starts, investment in the property sector and numbers of new clients. Not all of this information is available in each market place and so we have to adapt to the information flow that is available.

In addressing this risk the Group considers which markets and which clients to focus upon based on the strength of their financial covenant so that there is clear ability to provide both project seed capital and geared funding to complete the delivery process. This avoids the dual risk of delays between stages and deferrals of projects.

Geo-political factors
Political events and decisions, or the lack thereof, can seriously affect the markets and economies in which the Group operates, leading to a lack of decisions by government bodies and also by clients. In turn this directly impacts workload and can even delay committed projects. With regards to Brexit, now that the UK has left the EU with a trade and cooperation agreement in place, the UK has improved clarity on the future trading arrangements. In the short term this improves business confidence to make operational and investment decisions, however there still remains some uncertainty in predicting and quantifying the long term impact for the UK business. We are conscious that the Ukraine conflict will have some negative impact on the supply of farming and industrial products. Where relevant this may have an adverse impact in delays to projects where they are supply dependent.

Diversification of operations in multiple unrelated geographies, as well as the ability to transfer between sectors, provides the Group greater resilience in respect of this risk. Maintaining a flexible workforce, subject to working practices in local markets, additionally affords greater ability to react quickly to such events.

The effect of COVID-19 has driven political decisions on the grounds of public health and safety, which impacts the ability for both the Group and its clients to operate, and for staff to travel; and economic grounds to reduce the long-term impact on the viability of companies and sustain jobs. Further, this impacts clients' decision making thereby influencing levels of property development activity. Whilst the lock-down measures imposed by the UK government in 2020 and into 2021 demonstrated an ability to manage case levels, the easing of these measures highlighted how quickly case levels can increase and stretch the UK health service's ability to cope. The roll out of vaccines and boosters throughout 2021 and high uptake by the populations of the countries in which our offices are located appear to be curbing the levels of seriously ill people even at times of record high positive tests with the spread of the Omicron variant, such that health services are managing to cope with hospitalisation rates. Our expectation for the next 12 months is that we are entering a new normal where COVID-19 becomes endemic, travel restrictions begin to ease and the services we provide are determined by the market economics that we were previously accustomed to.

Share price volatility
A strong share price and higher market capitalisation attract new investors and provide the Group with greater flexibility when considering M&A activity. Conversely a weaker share price affords the Group less flexibility.

Operational gearing and funding
In common with other professional services' businesses, the Group has a relatively high level of operational gearing, through staffing, IT and property costs, which makes it difficult to reduce costs sufficiently quickly to immediately avoid losses and associated cash outflows when faced with sharp and unpredicted falls in revenue.

The UK office lease rent free period which expired in May 2020 includes the option to further extend the rent free period for a further 4 months subject to landlord approved installation of specific property improvements. The decision whether to undertake this work has been paused while management undertake a thorough review of how the UK operation anticipates utilising the office space in the future. The UAE continued further property rationalisation and simplification of local licenses to reduce ongoing fixed costs. The UK continues to maintain a balance in the mix of permanent vs. contract and agency staff to give flexibility to respond to falls in revenue as was experienced during the year.

The project payment arrangements under which the Group operates vary significantly by geographical location. Payment terms by jurisdiction are typically:

- in the United Kingdom it is usual to agree in advance with the client at the start of a project a monthly billing schedule which generally leads to relatively low levels of contracts assets (and consequentially higher levels of contract liabilities);
- in Turkey it is usual to either agree in advance with the client a monthly billing schedule or to agree a billing schedule based on deliverable work stages; and
- in the Middle East it is usual to bill clients monthly, but the value of the monthly invoices raised is dependent upon demonstrating specific progress from the work performed, which generally leads to higher levels of contract assets. Payment also tends to take longer in the Middle East.

The decline in revenue in the UK and the Middle East in the year tightened the free cash available to be remitted to the Plc by the year end, which was partially offset by dividends received from the German joint Ventures. Further pressure on cash resources is anticipated through 2022.

The Directors seek to ensure that the Group retains appropriate funding arrangements and regularly and stringently monitor expected future requirements through the Group's annual budgeting, monthly forecasting and cash flow, and weekly and daily cash reporting processes in order to react immediately to a required change with maximum flexibility. Covenant compliance is also strictly monitored.

The Group's principal bankers remain supportive and in December 2021 renewed the Group's overdraft facility until November 2022, at the existing £500k level. This has been temporarily reduced to £250k for February to May 2022, combined with a waiver of the net gearing covenant from February to April 2022. In May 2021 a £500k CBILS loan was also offered and drawn down. Repayments on this loan Commence monthly from June 2022 to May 2024.

Where possible, the Group deploys four strategies to help reduce operational gearing:

First, the Group has a well-developed staffing plan which flexes the total number of staff using a combination of permanent employees, temporary employees, agency staff and freelance staff as applicable to each legal jurisdiction; and in doing so matches resources to fee paying work as closely as possible, sometimes linking staff retention directly to specific projects;

Second, the Group can sub-let or licence occupation of part of its property space to other professional services businesses to offset some of the total occupancy cost;

Third, the Group maximises the benefit of different payment terms in varying geographies, mainly the UK and UAE, to take advantage of the flexibility between the businesses; and

Lastly the Group seeks flexible contract terms with major suppliers such that certain costs can be suspended during times of economic difficulty.

Staff skills and retention
Our business model relies upon a certain standard and number of skilled individuals based on qualifications and project track record. Failure to retain such skills makes the strategies of the Group difficult to achieve.

The Group aims to ensure that knowledge is shared and that particular skills are not unique to just one individual.

The Group conducts external surveys to ensure that salaries and benefits are appropriate and comparable to market levels and endeavours to provide a pleasant working environment for staff.

Staff training programmes, career appraisals and education assistance are provided, including helping our professionally qualified staff comply with their continuing professional development obligations. Training programmes take various forms including external courses and external speakers.

Quality of technical delivery
In common with other firms providing professional services, the Group is subject to the risk of claims of professional negligence from clients.

The Group seeks to minimise these risks by retaining skilled professionals at all levels and operating quality assurance systems which have many facets. These systems include identifying specific individuals whose roles include focusing on maintaining quality assurance standards and spreading best practice.

The Group's UK operation is registered under ISO 9001 which reflects the quality of the internal systems under which we work. As part of these registrations an external assessor undertakes regular compliance reviews. In addition, as part of its service to members, the Mutual, which provides professional indemnity insurance to the UK and part of the Middle East operations, undertakes annual quality control assessments.

The Group maintains professional indemnity insurance in respect of professional negligence claims but is exposed to the cost of excess deductibles on any successful claims.

Contract pricing
All mature markets are subject to downward pricing pressures as a result of the wide spectrum of available suppliers to each project. This pressure is increased if activity levels are low such as in the economic downturns and global recession. Additionally, architects may be under pressure to work without fees (for a time) in order to win a project or retain sufficient qualified staff to complete the project if won. The Group mitigates this risk by focusing on markets where it has clear skills that are well above average, or avoids it by not lowering prices, thus risking the loss of such work.

All fee proposals to clients are prepared by experienced practice directors who will be responsible for the delivery of the projects. Fee proposals are based on appropriate due diligence regarding the scope and nature of the project, knowledge of similar projects previously undertaken by the Group and estimates of the resources necessary to deliver the project. Fee proposals for larger projects are subject to review and approval by senior Group management and caveats are included where appropriate.

When acting as general designer for projects located outside the UK, the Group is usually exposed to the risk of actual sub consultant costs varying from those anticipated when the overall fee was agreed with the client. To mitigate this risk, fee proposals are usually sought from sub consultants covering the major design disciplines as part of the process of preparing the overall fee proposal.

Under performing acquisitions
The acquisition of businesses for too high a price or which do not trade as expected can have a material negative impact on the Group, affecting results and cash, as well as absorbing excessive management time.

The Group invests senior management time and Group resources into both pre- and post-acquisition work. Pre-acquisition there is a due diligence process and price modelling based on several criteria. Agreements entered into are subject to commercial and legal review. Post-acquisition there is structured implementation planning and ongoing monitoring and review.

Overseas diversification
The Group continues to derive an increasing proportion of its revenues from projects located outside the UK. This offers some protection for the Group by providing diversification but in turn exposes the Group to the economic environments and currencies of those locations. Building regulations, working practices and contractual arrangements often differ in these overseas businesses when compared to the UK and these may significantly increase the risks to the Group. To mitigate these risks:

- the overseas operations are managed by nationals or highly experienced expatriates, with oversight from senior Group management. All offices are regularly visited by senior Group management to monitor and review the businesses. There is regular, comprehensive reporting and KPIs are used extensively;

- the Group seeks to work for multinational or the larger and more established domestic clients who themselves often have significant international experience;

- when acting as general designer for projects located outside the UK the Group always seeks to appoint sub consultants with an established and successful track record on similar projects;

- within the boundaries imposed by local laws and commercial constraints, the Group seeks to structure contractual arrangements with clients and sub consultants to minimise the significant contractual risks which can arise; and

- as far as possible foreign currency flows are matched to minimise any impact of exchange rate movements and significant exposures are hedged.

The Strategic Report was approved by the Board on 30 March 2022 and signed on its behalf by

Antony Barkwith
Group Finance Director

Directors' report

The Directors present their report for the year ended 30 September 2021.

Corporate governance

In accordance with AIM Rule 26 the Company is required to apply a recognised corporate code. The Board continued to adopt the QCA Corporate Governance Code (2018) published by the Quoted Companies Alliance.

The QCA Corporate Governance Code (2018) comprises 10 Principles. We set out our compliance with these Principles on the Group's website. This includes a matrix ('the QCA Matrix'). This lists the Principles as well as related considerations and requirements, all of which have been assigned a sub-number within each Principle.

Board of Directors

The Group is headed by a Board of Directors which leads and controls the Group, and which is accountable to shareholders for good corporate governance of the Group.

The Board currently comprises three executive directors and two independent non-executive directors who bring a wide range of experience and skills to the Company.

The Board considers Clive Carver and Raúl Curiel to be independent non-executive directors.

The Board meets regularly to determine the policy and business strategy of the Group and has adopted a schedule of matters that are reserved as responsibilities of the Board. The Board has delegated certain authorities to Board committees, each with formal terms of reference.

Audit Committee

The main role and responsibility of the Audit Committee is to monitor the integrity of the information published by the Group about its financial performance and position. It does this keeping under review the adequacy and effectiveness of the internal financial controls and by reviewing and challenging the selection and application of important accounting policies, the key judgements and estimates made in the preparation of the financial information and the adequacy of the accompanying narrative reporting.

The Audit Committee is also responsible for overseeing the relationship with the external auditor which includes considering its selection, independence, terms of engagement, remuneration and performance. A formal statement of independence is received from the external auditor each year.

It meets at least twice a year with the external auditor to discuss audit planning and the audit findings, with certain executive directors attending by invitation. If appropriate, the external auditor attends part of each committee meeting without the presence of any executive directors.

The Audit Committee currently comprises Clive Carver, as Chairman and Raúl Curiel, and they report to the Board on matters discussed at the Committee meetings.

During the year the Committee met on three occasions to review, in addition to the above, budgets, monthly management accounts and working capital requirements by reference to the Company's financial strategy. It also reviewed through a sub-committee the management of risk inherent in the business.

Remuneration Committee

The Remuneration Committee convenes not less than twice a year, ordinarily on a six monthly basis, and during the year it met on three occasions. The Committee currently comprises Clive Carver and Raúl Curiel with Raul Curiel as Chairman. It is responsible for determining remuneration policy and all aspects of the Executive Directors' remuneration and incentive packages including pension arrangements, bonus provisions, discretionary share options, relevant performance targets and the broader terms and conditions of their service contracts.

In fulfilling its duties, the Committee initiates research as appropriate into comparable market remuneration, appointing third party advisors as required. In liaison with the Nomination Committee it has regard to succession planning and makes recommendations to the Board in relation to proposed remuneration packages for any proposed new executive and non-executive appointments.

Where appropriate the Committee consults the Chief Executive Officer regarding its proposals. No Director plays a part in any discussion regarding his or her own remuneration.

Nomination Committee

The Nomination Committee is responsible for keeping under regular review the size, structure and composition (including the skills, knowledge, experience and diversity) of the Board. This includes considering succession planning for the senior management of the Group, taking into account the skills and expertise expected to be needed in the future.

It is responsible for nominating new candidates for the Board, for which selection criteria are agreed in advance of any new appointment.

The Nomination Committee is chaired by Raúl Curiel with the other current members being Nicholas Thompson and Clive Carver.

During the year the Committee reviewed the effectiveness of the Board and the matrix of its skill sets. It met on three occasions.

Internal Controls and Risk Committee

The Directors acknowledge that they are responsible for the Group's system of internal controls and for reviewing its effectiveness (excluding joint ventures and associate). The Directors, supported by the Risk Committee, review all controls including operational, compliance and risk management, as well as financial controls. Risk management and internal control are considered by the Directors at Board meetings. Any such system of internal control is designed to manage risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Internal Controls and Risk Committee is chaired by Clive Carver. Antony Barkwith and Robert Fry are also members.

Directors

Antony Barkwith, Clive Carver, Raúl Curiel, Robert Fry and Nicholas Thompson all served as Directors of the Company throughout the year ended 30 September 2021. On 29 March 2021 John Bullough resigned as a Director of the Company.

Biographical details of the current Directors are set out on pages 4 and 5.

The Company maintains directors' and officers' liability insurance.

Attendance at board meetings by members of the Board were as follows:

	Number of meetings while in office	Number of meetings attended
Executive Directors		
Nicholas Thompson	13	13
Robert Fry	13	13
Antony Barkwith	13	13
Non-executive Directors		
John Bullough	7	7
Raúl Curiel	13	13
Clive Carver	13	13

Directors' interests

Directors' interests in the shares of the Company were as follows:

Number of ordinary shares	30 September 2021	30 September 2020
Nicholas Thompson	16,802,411	16,802,411
John Bullough	500,000	500,000
Raúl Curiel	9,240,018	9,240,018
Clive Carver	-	-
Antony Barkwith	-	-
Robert Fry	2,150,000	2,150,000

Directors' service contracts

The Company's policy is to offer service agreements to executive directors with notice periods of not more than twelve months. Nicholas Thompson has a rolling service contract with the Company which is subject to twelve months' notice of termination by either party. Antony Barkwith and Robert Fry have rolling service contracts with the Company which are subject to six months' notice of termination by either party.

The remuneration packages of executive directors comprise basic salary, contributions to defined contribution pension arrangements, discretionary annual bonus, discretionary share options and benefits in kind such as medical expenses insurance.

Non-executive directors do not have service contracts with the Company, but the appointment of each is recorded in writing. Their remuneration is determined by the Board. Non-executive directors do not receive any benefits in kind and are not eligible for bonuses or participation in either the share option schemes or pension arrangements.

Substantial shareholdings

At 30 March 2022 the Company had been informed of the following notifiable interests of three per cent or more in its share capital:

Shareholder	Notes	Number of ordinary shares	Percentage of ordinary shares
Nicholas Thompson	Director of the Company	16,802,411	10.17%
Jeremy Blake	Former employee of the Group	13,030,638	7.89%
Andrew Murdoch	Former director of the Company	12,478,486	7.56%
Begonia 365 SL	Controlled by a former director of the Company	9,515,192	5.76%
Raúl Curiel	Non-Executive Director of the Company	9,240,018	5.59%
Stephen Atkinson	Former employee of the Group	7,634,922	4.62%
Trevor Brown	Private Investor	5,850,000	3.54%
John Vincent	Former director of the Company	5,791,394	3.51%

Share price

The mid-market closing price of the shares of the Company at 30 September 2021 was 2.00 pence and the range of mid-market closing prices of the shares during the year was between 1.15 pence and 2.10 pence.

Share capital

The Board is seeking from shareholders at the Annual General Meeting renewal of its authority to allot equity securities. The authority would allow the Board to allot securities up to a maximum aggregate nominal value of £826,068 representing 50% of the issued share capital of the Company.

A resolution will also be put to the Annual General Meeting in respect of the issue of equity securities for cash up to an aggregate nominal amount of £165,214 representing 10% of the issued share capital, without first offering such shares to shareholders. The directors consider this authority desirable as it will give them the flexibility to make small issues of ordinary shares for cash if suitable opportunities arise without the necessity of first seeking shareholders' approval.

The renewed authorities will expire at the conclusion of the subsequent Annual General Meeting of the Company when it is intended that the Directors will again seek their renewal.

Environmental policy

The Group promotes wherever possible a ‘green’ and ecologically sound policy in all its work, but always takes into account the considerable pressures of budget, commercial constraints and client preferences. Sustainability is essential to our design philosophy and studio ethos. It is an attitude of mind that is embedded within our thinking from the start of any project. We design innovative solutions and focus on:

- incorporating passive design principles that mitigate solar gain and heat loss from the outset;
- reducing energy demand through active and passive renewable energy sources;
- the use of energy and resource efficient materials, methods and forms;
- the re-use of existing buildings and materials and flexibility for future change;
- and importantly the careful consideration of the experience and wellbeing of the end user in our buildings.

We believe ourselves to be at the forefront of sustainability amongst our peers which is demonstrated by our track record in achieving 77 ‘Excellent’ or ‘Very Good’ BREEAM (Building Research Establishment Environmental Assessment Method) ratings awarded to buildings designed by the Group. We have also achieved 1 Ska ‘Gold’ and 2 Ska ‘Silver’ environmental assessment ratings and 9 LEED (Leadership in Energy and Environmental Design) ‘Gold’ award and 5 ‘Silver’ awards.

Employees

As a professional services business, the Group’s ability to achieve its commercial objectives and to service the needs of its clients in a profitable and effective manner depends upon the contribution of its employees. The Group seeks to keep its employees informed on all material aspects of the business affecting them through the operation of a structured management system, staff presentations and an intranet site.

The Group’s employment policies do not discriminate between employees, or potential employees, on the grounds of age, gender, sexual orientation, ethnic origin or religious belief. The sole criterion for selection or promotion is the suitability of any applicant for the job.

It is the policy of the Group to encourage and facilitate the continuing professional development of our employees to ensure that they are equipped to undertake the tasks for which they are employed, and to provide the opportunity for career development equally and without discrimination. Training and development is provided and is available to all levels and categories of staff.

It is the Group’s policy to give fair consideration to application for employment for disabled persons wherever practicable and, where existing employees become disabled, efforts are made to find suitable positions for them.

Health and safety

The Group seeks to promote all aspects of health and safety at work throughout its operations in the interests of employees and visitors.

The Group has a Health and Safety Steering Committee, chaired by Robert Fry, to guide the Group’s health and safety policies and activities. Health and safety is included on the agenda of each board meeting. Antony Barkwith is also a member of the Committee.

Group policies on health and safety are regularly reviewed and revised and are made available on the intranet site. Appropriate training for employees is provided on a periodic basis.

Disclosure of information to auditor

Each of the Directors who were in office at the date of approval of these financial statements has confirmed that:

- so far as they are aware, there is no relevant audit information of which the auditor is unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Future developments

An indication of likely future developments in the business of the Group is contained in the Strategic Report.

Financial instruments

Information concerning the use of financial instruments by the Group is given in notes 27 to 31 of the financial statements.

Dividends

With the continuing pandemic and the uncertainty that this has on near-term trading along with the requirement to conserve cash flow, the Board does not intend to pay a dividend in the forthcoming year.

Going Concern

Measures taken around the world to restrict the spread of the COVID-19 virus have had a significant impact on the Group for the past 18 months of trading and post year end.

Despite action taken in this time, management have only been able to partially mitigate the financial impact of the above on the Group which resulted in the loss for the year and reduction in net assets of the Group. The Group has continued to operate within its banking limits, and has agreed a waiver of the facility net gearing covenant for an initial 3 month period from Feb to Apr-22.

More details of the actions taken, and the results of forecasting performed by the Group in response to the COVID-19 pandemic are summarised in the Going Concern section of note 1.

In addressing any going concern issues the Directors are required to consider likely cashflows over at least a 12 month period following the date of the approval of the Financial Statements.

While the business is currently operating within its banking limits, should there be any material delays in projects under way or should the Group stop winning its share of new projects there may be a need for further action.

At year end, the Group had net assets of approximately £3.07m (Sep-20: £4.37m), and total current assets less current liabilities of approximately £0.27m (Sep-20: £0.51m).

Based on forecasts prepared and reviewed for the period to 30 September 2023 the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. However there remains a risk that in the current COVID-19 environment and with the global economic impact of the ongoing Ukraine conflict difficult to assess, the Group may find itself as the result of unexpected levels of delays on project work beyond its control or depending on the outcome of overdraft facility renewals scheduled for November 2022, requiring additional 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.

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.

Annual General Meeting

Notice of the annual general meeting has been issued on the 7th of March 2022.

A separate notice of an extraordinary general meeting with the purpose to receive and adopt the annual report will be issued in due course and no later than 21 days before the Meeting is due to be held.

The Directors' report was approved by the Board on 30 March 2022 and signed on its behalf by

Antony Barkwith
Company Secretary
Aukett Swanke Group Plc
Registered number 02155571

Statement of directors' responsibilities

Directors' responsibilities

The Directors are responsible for preparing the annual report and 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 elected to prepare the Group and Company financial statements in accordance with 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 Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor’s report to the members of Aukett Swanke Group Plc

Opinion on the financial statements

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 30 September 2021 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Aukett Swanke Group Plc (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 30 September 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in cash flows, the consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates the Directors’ assessment of going concern. In light of the recent 3 month covenant waiver received to avoid the risk of breaches from February 2022, the Group is reliant on the ongoing support of its principal banker. In addition, the Group may find itself requiring additional financing because of unexpected levels of delay on project work beyond its control. As stated in note 1, these events or conditions along with other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group’s and parent company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting has been highlighted as a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

As disclosed in note 1, the Group has continued to manage it's liquidity risk through prudent management of cash and effectively using the UK government relief schemes. However the performance of the Group continues to put strain on cash reserves.

The Group has taken a £0.5m loan through the Coronavirus Business Interruption Loans Scheme (CBILS) which is subject to passing covenants. The loan carries no interest or repayments for the first 12 months but is repayable in 3 years. The Group also has support by way of the overdraft facility which is also subject to passing covenants.

There is a risk posed to going concern of these balances falling due on demand due to a breach of a covenant. Cash balances at year end total £0.5m, so if the loan became repayable on demand, the Group would have no liquid cash. From initial going concern assessments, cash flow of the Group for the next few months stands at a net debt until November 2022 with the business reliant on the overdraft facility for operations once the CBILS loan becomes repayable from June 2022. This position is expected to change from December 2022, with operational debt recovery and R&D tax claims.

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 their strategy for the Group structure and geographic footprint to stabilise and improve the Groups' underlying financial position.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to adopt the going concern basis of accounting and our response to the key audit matter included:

- Agreeing the forecasts to the plans agreed by the Board of Directors for approval, checking that the cash flow forecast and net funds represent an accurate extraction of the future plans;

- Reviewing the cash flow forecasts of the Group to check that they were mathematically accurate, including linkage to covenant calculations built into the forecast;

- Understanding the relative contribution of the business segments to the Group's going concern analysis. The Group is made up of predominantly 3 mains areas being the UK, UAE and Europe. Each business operation's contribution to the Group cash flows has been reviewed by BDO by forming expectations based on historic data and challenging management around the feasibility of cash flows to conclude on reliability of business segments performance. The focus of the analysis has been on the UK segment by management;

- Corroborating the secured and potential work pipelines to work performed on the value in use models and audit of contracts, challenging management as to any material post-year end variances in revenues and enquiring about the impact of any project delays in secured and potential continuation work;

- Challenging the future revenue pipeline and enquired about the status of outstanding bids, agreeing to submitted proposal documents and newly won contracts where appropriate;

- Reviewing the current year actuals against the budget for the year to determine the accuracy of budgeting in management's forecasts;

- Checking the calculations used by management in sensitising the base case cash flow model to the downside scenarios highlighted in note 1 to confirm their mechanical accuracy;
- Considering the availability of the overdraft facility by challenging management on conversations held with the Group's bankers from the latest facility update, in addition to reviewing the assessment by management of covenant sensitivity to the future forecasts and the impact therefore on retention of the facility during the going concern period; and
- Challenging the cost savings and cash deferral initiatives planned by management throughout the going concern period, including corroborating to supporting evidence of the cash availability from these measures.

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

Overview

Coverage[1]	97% of Group profit before tax 89% of Group revenue 87% of Group total assets		
Key audit matters		2021	2020
	Valuation of contract assets and completeness of contract liabilities	✓	✓
	Annual impairment review of business combinations	✓	✓
	Presentation of financial statements as a going concern	✓	×
Materiality	*Group financial statements as a whole* £200k (2020: £191k) based on 1.7% of revenue (2020: 1.5% of three year average net earnings) for the year.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We determined there to be 5 significant components to the Group, which were Aukett Swanke Group Plc, Aukett Swanke Limited, Veretec Limited, John R Harris & Partners and Shankland Cox Limited. There were all subject to full scope audits.

[1] These are areas which have been subject to a full scope audit by the group engagement team

The full scope audits of Aukett Swanke Group Plc, Aukett Swanke Limited and Veretec Limited was conducted by the group audit team, while the full scope audits of John R Harris & Partners and Shankland Cox Limited were performed by a non-BDO component audit firm in Dubai.

Whilst not considered significant components, specific procedures were performed around certain elements of the associate Aukett + Heese GmBh (Berlin) and joint venture Aukett + Heese Frankfurt GmbH due to their contribution to the Group's result before tax. Specific procedures around material balances were completed for Aukett Fitzroy Robinson International Limited and Aukett Swanke Architectural Design Limited as are non-significant components of the Group. All other entities within the group not subject to a full scope audit were reviewed analytically by reference to their expected financial performance and position. These procedures were performed by the group audit team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. The level of involvement by BDO LLP in the component audit work performed was as follows:

- Direction of planning activities and expected areas of audit focus including the materiality, significant risk areas and approach to audit work to be adopted;
- Planning meeting between component auditor and BDO LLP to establish understanding of terms and instructions, conducted by video conference;
- Detailed remote review of audit files produced by UAE component auditor by the Group Engagement team (performed over video conference);
- Attendance at the clearance meeting between UAE local management and UAE component auditor by video conference; and
- Direction and supervision of clearance of core audit areas relevant to the Group with involvement in steering and concluding on any remaining audit adjustments and judgements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Valuation of contract assets and completeness of contract liabilities for long term-architectural service contracts	The measurement of revenue earned on architectural services contracts with customers is determined by reference to the stage of completion of those contracts at the statement of financial position date, which is a function of the costs (fee earners and subcontractors) incurred on the contract compared to the total costs expected at the culmination of	We tested the operating effectiveness of controls around the approval of invoices by management and the reconciliation of the billing system to the accounting system. We selected a sample of contracts from the whole population for testing from the statement of financial position balances of contract assets and contract liabilities and performed the following procedures:

Refer to the accounting policies in note 1 on pages 56 to 57 and note 3 in the Group financial statements.	the contract, less any bills raised to date. Since the above measurement requires Directors to assess the final costs expected on a contract to determine the stage of completion, there is inherent estimation uncertainty and therefore significant judgment arising in the formulation of these estimates, which could vary materially over time and dependent on customer activity. We therefore considered this to be a Key audit matter.	- We agreed the revenue from the revenue recognition model to the underlying contract and where relevant, contract variations agreed between the Group and its customers. - Chargeable time costs incurred to date for the selected projects were agreed to reports generated from the timekeeping system. A sample of individuals costs from the reports were agreed through to their supporting timecard and their charge rate agreed to firm wide charge rates to test the accuracy of the recorded time. - Agreed a sample of revenue entries recorded in the accounting system to the supporting contract, a copy of the physical sales invoice raised and cash received (see below for work performed around revenue recognition work performed on the year-end balances). - For the sample of recorded projects, the relevant calculation of revenue at the statement of financial position date was recomputed to test the accuracy of the calculation of contract asset or contract liability. - We assessed and challenged the key stage of completion judgments made by the directors. This involved reviewing the basis of future costs expected to be incurred on the project, and obtaining a detailed understanding of the project from management and the project Director. Where relevant, key judgments (costs to completion, project recovery rates) and objectives achieved (submission of key deliverables indicating closure of costs allocable to certain project stages) were corroborated to supporting documentation and post-year end time chargeability to test the accuracy of judgments made at the statement of financial position date.

		Key observations: Based on the procedures performed, we consider that assumptions made by management in recognising revenue on part-completed contracts with customers at the statement of financial position date to be appropriate.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Annual impairment review of the UK, Shankland Cox Limited ('SCL') and John R Harris & Partners ('JRHP') Cash Generating Units Refer to the accounting policies in note 1 on page 54 and Notes 11 and 12 for key judgements in the Group financial statements.	The total statement of financial position goodwill arising from past acquisitions of £2.4m, exists predominantly within the UK (£1.7m), with another £0.6m being in relation to the JRHP cash generating unit (located within the UAE operating segment). The residual £0.1m, which is immaterial, is allocated to the Turkey CGU. While no goodwill is allocated to the SCL CGU (also in the UAE operating segment), £0.3m of other intangible assets are situated within the SCL CGU. There is a risk that these are impaired in the context of the results of the Group and the UK and UAE economic operating environments. The impairment review includes a number of significant judgments around future cash flows (primarily revenue less sub consultant costs), discount rates and long term growth rates, to which the CGUs are sensitive to variations in. Based on recent trading performance there is uncertainty around future revenue less sub consultant cost pipelines and the consequent profitability of the CGUs. There is significant management judgment and uncertainty involved in the preparation of the value in use models under applicable accounting standards for the Group and as a result this was	Our audit work included the following procedures: - Completed an assessment of the grouping of defined CGUs in the impairment models to determine whether appropriate for the purposes of determining value in use. - We assessed the value in use models for each CGU to test compliance with the requirements of applicable accounting standards and mathematical accuracy of each model. - The Weighted Average Cost of Capital ('WACC') of the models was recomputed with reference to external data to test its accuracy of computation by our BDO internal valuations specialists. - The revenue cash flows within the model were challenged. Future earnings potential was checked to secured pipeline through agreement of significant balances to contracts. Potential wins were assessed for progress in bids by review to correspondence. Future earnings were assessed through a combination of the CGUs historic conversion of new work and determined whether achievable based on estimates by management. - The cost base was critically assessed for potential omissions or unrealistic targets based on prior years actuals and potential future changes in the business. We challenged management where this fell outside of our expectations and checked that

	considered to be a key audit matter.	these were accurately stated, reasonable and achievable in the light of the economic environment and future pipeline of work. - A sensitivity analysis was performed by management to assess the impact of the movement in key variables in the model which would lead to an impairment. BDO reviewed this sensitivity analysis and concluded on whether such scenarios were likely to occur. Based on our review of inputs into the model and differences in expectations, a revised headroom was recalculated with no impairment noted. **Key observations:** Based on the procedures performed, consider that the assumptions and the methodology used by management in preparing the value in use calculations are appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021	**2020**	**2021**	**2020**
Materiality	£200,000	£191,000	£108,000	£91,000
Basis for determining materiality	1.7% of revenue	1.5% of 3 year average net earnings	3.5% of net assets	3% of net assets
Rationale for the benchmark applied	Revenue has been selected as the benchmark as opposed to net earnings, as	This benchmark was considered to be appropriate as it fairly reflected the activity of the	This benchmark is considered to be most appropriate as it represents the principal purpose of the	This benchmark was considered to be most appropriate as it represented the principal purpose

	the Group is responsible for the entirety of its signed contracts. This benchmark is considered to be appropriate as this fairly reflects the activity of the Group in a loss making environment.	Group in a lossmaking environment.	company as a holding entity to the subsidiaries of the Group.	of the company as a holding entity to the subsidiaries of the Group.
Performance materiality	£120,000	£133,000	£64,800	£63,700
Basis for determining performance materiality	60% of Group Materiality (see below)	70% of Group Materiality (see below)	60% of Parent Materiality (see below)	70% of Parent Materiality (see below)

Performance materiality

Performance materiality benchmark has been selected based off the following considerations:

- Cumulative identification of errors noted in previous years that have been posted by management
- There are a number of with locations for the Group but not extensive
- Controls testing is completed for a number of financial statement areas with less reliance on sample procedures
- There are a number of areas open to deterministic adjustments in relation to the revenue recognition on contracts and also the doubtful debt provisioning, in addition to the valuation of goodwill and other balances at group level. This suggests a level that should be lower and hence the decrease in percentage for 2021.

C*omponent materiality*

We set materiality for each component of the Group based on a percentage of between 2% and 70% (2020: 2% and 70%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £4,000 to £155,800 (2020: £6,000 to £119,000). In the audit of each component, we further applied performance materiality levels of 60% (2020: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £7,000 (2020: £6,600). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the 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. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	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 Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the 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.

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

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:

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management of its own consideration of fraud. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also considered potential financial or other pressures, opportunity and motivations for fraud, most notably as part of our going concern assessment. As part of this discussion we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Procedures included the review and testing of manual journals, key estimates and judgements made by management and evaluation of whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

- Communication of risks of fraud and non-compliance with laws & regulations for the Group has been actioned throughout the audit process. Initial discussions were had at the planning stage with both Management and with the component auditors. Communication of such risks were raised in our planning report, component audit instructions and discussed in remote conference calls. Our working papers have documented enquiries made of all parties throughout the audit process and final confirmations obtained from Management and the Component auditors.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, the Companies Act 2006 and relevant tax compliance regulations.

- We considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with may be fundamental to the Group's ability to operate. These include Money Laundering Regulations 2007 and Proceeds of Crime Act, the Data Protection Act and UAE Labour Law.

- We made enquiries of management at the Group and local component level with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information, for example, minutes of the Group and Parent Company meetings, legal reports provided and correspondence between the Group and Parent Company and its solicitors.

- Our tests included agreeing the financial statements disclosures to underlying supporting documentation and enquiries with management.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Applegate (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol, UK

30 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Aukett Swanke Group Plc

Consolidated income statement

For the year ended 30 September 2021

	Note	2021 £'000	2020 £'000
Revenue	3	12,014	12,166
Sub consultant costs		(3,192)	(830)
Revenue less sub consultant costs	3	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	4	360	455
Operating loss		(1,354)	(428)
Finance costs	5	(94)	(112)
Loss after finance costs		(1,448)	(540)
Gain on disposal of subsidiary		-	52
Impairment of intangibles	12	(249)	-
Share of results of associate and joint ventures		166	442
Loss before tax		(1,531)	(46)
Tax credit	9	395	26
Loss for the year		(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	10	(0.69p)	0.00p

Consolidated statement of comprehensive income

For the year ended 30 September 2021

	2021 £'000	2020 £'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)

Aukett Swanke Group Plc
Company registration number 02155571

Consolidated statement of financial position

At 30 September 2021

	Note	2021 £'000	2020 £'000
Non current assets			
Goodwill	11	2,370	2,392
Other intangible assets	12	324	653
Property, plant and equipment	13	155	272
Right-of-use assets	14	2,546	2,929
Investment in associate	16	587	927
Investments in joint ventures	17	209	317
Deferred tax	22	241	214
Total non current assets		6,432	7,704
Current assets			
Trade and other receivables	18	3,975	3,527
Contract assets	3	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	19	(3,747)	(3,333)
Contract liabilities	3	(829)	(606)
Borrowings	20	(83)	(155)
Lease liabilities	14	(539)	(539)
Total current liabilities		(5,198)	(4,633)
Non current liabilities			
Borrowings	20	(417)	-
Lease liabilities	14	(2,350)	(2,805)
Deferred tax	22	(40)	(47)
Provisions	23	(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	24	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

The financial statements on pages 40 to 97 were approved and authorised for issue by the Board of Directors on 30 March 2022 and were signed on its behalf by:

Nicholas Thompson
Chief Executive Officer

Antony Barkwith
Group Financial Director

Aukett Swanke Group Plc
Company registration number 02155571

Company statement of financial position

At 30 September 2021

	Note	2021 £'000	2020 £'000
Non current assets			
Property, plant and equipment	13	11	15
Investments	15	3,290	3,348
Trade and other receivables	18	5	26
Total non current assets		3,306	3,389
Current assets			
Trade and other receivables	18	449	1,928
Cash at bank and in hand		211	164
Total current assets		660	2,092
Total assets		3,966	5,481
Current liabilities			
Trade and other payables	19	(1,750)	(2,430)
Borrowings	20	(83)	(155)
Total current liabilities		(1,833)	(2,585)
Non current liabilities			
Deferred tax		(2)	(3)
Borrowings	20	(417)	-
Total non current liabilities		(419)	(3)
Total liabilities		(2,252)	(2,588)
Net assets		1,714	2,893
Capital and reserves			
Share capital	24	1,652	1,652
Retained earnings		(2,608)	(1,429)
Merger reserve		1,176	1,176
Other distributable reserve		1,494	1,494
Total equity attributable to equity holders of the Company		1,714	2,893

The result for the year contained within the parent company's income statement is a loss of £1,179k (2020: loss £1,815k).

The financial statements on pages 40 to 97 were approved and authorised for issue by the Board of Directors on 30 March 2022 and were signed on its behalf by:

Nicholas Thompson
Chief Executive Officer

Antony Barkwith
Group Financial Director

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	26	(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	21	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

Company 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	26	(702)	45
Interest paid		(1)	(9)
Net cash (outflow)/inflow from operating activities		(703)	36
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(17)
Purchase of investments		(123)	-
Dividends received from associates & joint ventures		528	211
Net cash generated from investing activities		405	194
Net cash (outflow)/inflow before financing activities		(298)	230
Cash flows from financing activities			
Proceeds from bank loans		500	-
Repayment of bank loans		(155)	(154)
Net cash inflow/(outflow) from financing activities		345	(154)
Net change in cash and cash equivalents		47	76
Cash and cash equivalents at start of year		164	88
Cash and cash equivalents at end of year		211	164

Cash and cash equivalents are comprised of:		
Cash at bank and in hand	211	164
Cash and cash equivalents at end of year	211	164

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.

Company statement of changes in equity

For the year ended 30 September 2021

	Share capital £'000	Retained earnings £'000	Other distributable reserve £'000	Merger reserve £'000	Total Equity £'000
At 30 September 2019	1,652	386	1,494	1,176	4,708
Loss and total comprehensive income for the year	-	(1,815)	-	-	(1,815)
At 30 September 2020	1,652	(1,429)	1,494	1,176	2,893
Loss and total comprehensive income for the year	-	(1,179)	-	-	(1,179)
At 30 September 2021	1,652	(2,608)	1,494	1,176	1,714

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 financial statements

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

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.

New accounting standards, amendments and interpretations applied

For the year ended 30 September 2021, a number of new or amended standards became applicable:

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment – Definition of Material);

- IFRS 3 Business Combinations (Amendment – Definition of Business);

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and

- Revised Conceptual Framework for Financial Reporting

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

New accounting standards, amendments and interpretations not yet applied

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

(i) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
(ii) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
(iii) Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
(iv) References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022.However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

At present the Group has not analysed the impact of these new accounting standards and amendments.

There are no other IFRSs or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern

The Group’s business activities, the principal risks and uncertainties facing the Group, and the financial position of the Group are described in the Strategic Report. The liquidity risks faced by the Group are further described in note 31. These factors are all considered when assessing the Group’s ability to operate as a 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 in note 31 and 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.

Basis of consolidation and equity accounting

The consolidated financial statements incorporate those of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to variable returns from the investee, in addition to the ability to direct the investee and affect those returns through exercising its power. Intra group transactions, balances and any unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given and equity instruments issued. Identifiable assets acquired and liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, irrespective of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

The consolidated financial statements also include the Group's share of the results and reserves of its associate and joint ventures.

Associates

The associate in Berlin is the entity for which the Group has significant influence but not control or joint control. This is presumed to be the case where the Group holds between 20% and 50% of the voting rights, but consideration is given to the substance of the contractual governance agreements in place. Investments in associates are accounted for under the equity method.

Joint ventures

The Group has joint ventures in Frankfurt and the Czech Republic (in liquidation) where ownership is contractual and the agreements require unanimous consent from all parties for relevant activities. The entities are considered joint ventures.

Joint ventures are accounted for under the equity method.

Borrowings

Borrowings are initially recognised at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of any transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank current accounts held at call, bank deposits with very short maturity terms and bank overdrafts where these form an integral part of the group's cash management process, for the purposes of the statement of cash flows.

Company income statement

The Company has taken advantage of the exemption provided by section 408 of the Companies Act 2006 not to present its income statement for the year. The Company's result is disclosed at the foot of the Company's statement of financial position.

Current Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred taxation

Deferred income tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements, and measured at an undiscounted basis.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be generated against which the temporary differences can be utilised.

Dividends

Dividend payments are recognised as liabilities once they are no longer at the discretion of the Company.

Dividend income from investments is recognised in the income statement when the shareholders' rights to receive payment have been established.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Foreign currency

Transactions in currencies other than the functional currency of each operation are recorded at the rates of exchange prevailing on the dates of the transactions. At the date of each statement of financial position, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the date of the statement of financial position. Gains and losses arising on retranslation are included in the consolidated income statement for the year.

On consolidation, the assets and liabilities of the Group's overseas operations are translated from their functional currencies at exchange rates prevailing at the date of the statement of financial position. Income and expense items are translated from their functional currencies at the average exchange rates for the year, which are materially consistent with the spot rates observed in the year for those entities. Exchange differences arising are recognised directly in equity and transferred to the Group's foreign currency translation reserve. If an overseas operation is disposed of then the cumulative translation differences are recognised as realised income or an expense in the year disposal occurs.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling denominated assets and liabilities.

Goodwill

Goodwill arising on acquisitions represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Where the net fair value of the identifiable assets and liabilities of the acquiree is in excess of the consideration paid, negative goodwill is recognised immediately in the income statement.

Goodwill is tested annually for impairment and an impairment loss would be recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Impairment

At the date of each statement of financial position, a review of property, plant and equipment and intangible assets (excluding goodwill) is carried out to determine whether there is any indication that those assets have suffered any impairment. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of any impairment.

Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit to which the asset belongs is estimated.

Other intangible assets

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently the intangible assets are carried at cost less accumulated amortisation and accumulated impairment. Amortisation is charged on a straight line basis with the useful economic lives attributed as follows:

Trade name – 25 years
Trade licence – 10 years
Customer relationships – 7 to 10 years
Order book – Over the life of the contracts

Amortisation is charged to other operating expenses within the consolidated income statement.

Investments

Investments in subsidiaries, associates and joint ventures are held in the statement of financial position of the Company at historical cost less any allowance for impairment.

Leases and asset finance arrangements

The majority of the Group's accounting policies for leases are set out in note 14.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy all of the following criteria:

(a) There is an identified asset;
(b) The Group obtains substantially all the economic benefits from use of the asset; and
(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that pre-determines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Operating segments

The Group's reportable operating segments are based on the geographical areas in which its studios are located. Internally the Group prepares discrete financial information for each of its geographical segments.

Each reportable operating segment provides the same type of service to clients, namely integrated professional design services for the built environment and internally the Group does not sub divide its business by type of service.

Other operating expenses

Other operating expenses include legal and professional costs, professional indemnity insurance premiums, marketing expenses and other general expenses.

Property, plant and equipment

All property, plant and equipment is stated at historical cost of acquisition less depreciation and any impairment provisions. Historical cost of acquisition includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is calculated to write off the cost of acquisition over the expected useful economic lives using the straight line method and over the following number of years:

Leasehold improvements – Unexpired term of lease
Office furniture – 4 years
Office equipment – 4 years
Computer equipment – 2 years

Provisions

Provisions are recognised when a present obligation has arisen as a result of a past event which is probable will result in an outflow of economic benefits that can be reliably estimated.

Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discounted at the pre-tax discount rate that reflects the risks specific to the liability.

Employee benefits

In those geographies where it is a legal requirement, provision is also made for end of service benefit ('EOSB'), being amounts payable to employees when their contract with the Group ends (see note 23).

The charge to the income statement comprises the service cost and the interest on the liability and is included in personnel related expenses. The obligation has been measured at the reporting date using the projected unit credit method in accordance with IAS 19 and is funded from working capital.

Post retirement benefits

Costs in respect of defined contribution pension arrangements are charged to the income statement on an accruals basis in line with the amounts payable in respect of the accounting period. The Group has no defined benefit pension arrangements.

Revenue recognition

Revenue represents the value of services performed for customers under contract (excluding value added taxes). Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using each performance obligation within the contract and the proportion of total time expected to be required to undertake each performance obligation which had been or is being performed.

Step 1) Identification of the contract

Contracts with clients are mostly on a fixed basis with the consideration generally being stipulated based on a percentage of the build cost.

Contract variations are treated as variations to a specific performance obligation, with any additional fees associated with that variation, and the time and cost required to fulfil the variations, included within the overall assessment of the time required to complete the overall performance obligation. This is on the basis that those variations are normally not distinct in themselves (modifications to existing elements of the obligations) and therefore are repriced as if they were part of the original contract.

Step 2) Identification of performance obligations

Whilst the nature of performance obligations may vary from project to project, they are generally split by identification of Royal Institute of British Architects ('RIBA') work stages (delivered as either an individual work stage or a group of work stages depending on the exact nature of the contract), which constitute individual and distinctive promises within the contract. These are capable of being delivered independently. Local equivalents of RIBA apply depending on the jurisdiction of the contract, and may be identified.

Step 3) Identify the consideration

Consideration is generally fixed and agreed within the contract for services between the Group and the client, subject to modifications as noted above in step 1.

Step 4) Allocate the transaction price

The performance obligations within the contract are billed on the basis of a fee allocated to each element of the project, however revenue is allocated to the performance obligations based on the total expected time cost and contract cost expected to be required to undertake each performance obligation within the contract. This leads to recognition of revenue being reallocated between work stages where Management assess that the billing milestones associated to specific stages as stated in the contract do not fairly reflect the total time and cost required to complete those tasks.

Estimates of the total time expected to be required to undertake the contracts are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

Step 5) Recognition of revenue

For all contracts undertaken by Management, the measurement of revenues follows an "over time" pattern.

The basis on which this is the case is that the work performed by the Group has no alternative use and the contracts contain provisions by which consideration can be recovered for part-performance of obligations in the event that a contract is terminated. The revenue recoverable in such an instance would approximate to compensating the Group for the selling price of the services rendered to date.

The amount by which revenue exceeds progress billings is classified as contract assets. To the extent progress billings exceed relevant revenue, the excess is classified as contract liabilities.

Trade receivables

Trade receivables are amounts due from clients for services provided in the ordinary course of business and are stated net of any provision for impairment.

Following the adoption of IFRS 9, the Group followed the simplified approach and so makes an expected credit loss allowance using lifetime expected credit losses for all trade receivables and contract assets. The estimates and judgements applied are detailed further in note 18.

The Group endeavours to undertake work only for clients who have the financial strength to complete projects but even so, much property development is financed by funds not unconditionally committed at the commencement of the project. Problems with financing can on occasion unfortunately lead to clients being unable to pay their debts either on a temporary or more permanent basis.

The Group monitors receipts from clients closely and undertakes a range of actions if there are indications a client is experiencing funding problems. The Group makes further loss allowances if it is considered that there is a significant risk of non-payment. The factors assessed when considering a loss allowance include the ownership of the development site, the general financial strength and financial difficulties of the client, likely use / demand for the completed project, and the length of time likely to be necessary to resolve the funding problems.

The Group strives to maintain good relations with clients, but on occasions disputes do arise with clients requiring litigation to recover outstanding monies. In such circumstances, the directors carefully consider the individual facts relating to each case (such as strength of the legal arguments and financial strength of the client) when deciding the level of any further impairment allowance.

2 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates

In preparing the financial statements, the directors make estimates and assumptions concerning the future. The resulting accounting estimates, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are considered to be:

Impairment of trade receivables

The Group provides architectural, interior design and related services to a wide variety of clients including property developers, owner occupiers and governmental organisations, both in the United Kingdom and overseas.

An increase of 6% (2020: 6%) as a percentage of total trade receivables would lead to a material bad debt exposure. Based on the combination of credit loss allowances and specifically identified further provisions, there is a £0.27m, (2020: £1.03m) trade receivables provision primarily against Middle East and some UK trade receivables. Given the nature of these, there remains the potential to collect these in future years. Further quantitative information concerning trade receivables is shown in notes 18 and 29.

Impairment of goodwill

Details of the impairment reviews undertaken in respect of the carrying value of goodwill are given in note 11.

Impairment of investments in subsidiaries, associate and joint ventures

The company’s investment in subsidiaries, associate and joint ventures is reviewed annually for impairment. The recoverable amount 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 key assumptions made in these projections are the same as those given in relation to impairment of goodwill in note 11.

Critical accounting judgements

Critical judgements represent key decisions made by management in the application of the Group's accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions, this will represent a critical accounting judgement. Accounting judgements are continually reviewed in light of new information and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are considered to be:

Recognition of fee claim revenue

The nature of the project work undertaken by the Group means sometimes the scale and scope of a project increases after work has commenced. Subsequent changes to the scale and scope of the work may require negotiation with the clients for variations.

Advance agreement of the quantum of variation fees is not always possible, in particular when the timescale for project completion is changing or where the cost of variations cannot be determined until the work has been undertaken.

The Group have limited numbers of situations where we are entitled to a fee claim, on which estimation of the amount we would be entitled to in such a claim is considered on a case by case basis, and only recognised when it is highly probable that there will not be a subsequent reversal of the estimated revenues of a probable outcome under the requirements of IFRS 15 for variable consideration.

In the current year no material fee claim revenue has been recognised at 30 September 2021.

IFRS 16 Right-of-use asset and Lease liability

The lease of its UK, Bonhill Street studio includes an upward rent review after 5 years, does not contain any break clauses and expires in May 2028.

The lease includes provision for an additional 4 month rent free period on condition that the Group undertakes specific property improvements to the Landlords reasonable satisfaction. The Group estimates that the cost of installation of these improvements would be equivalent or higher in cost than the value of the 4 months rent free saving. As the Group would have to pay for the comfort cooling system to gain the rent free saving, the 4 month rent free period is not included within the IFRS 16 calculation for the right-of-use asset and associated lease liability.

3 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 £'000	2020 £'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 £'000	2020 £'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

All of the Group's revenue relates to the value of services performed for customers under construction type contracts. These contracts are generally fixed price and take place over a long term basis.

No segmentation of timing of revenue recognition is provided as all services continue to be provided on an 'over time' basis.

All impairment losses recognised in note 18 are in respect of the Group's contracts with customers.

Segment net finance expense	2021 £'000	2020 £'000
United Kingdom	(93)	(104)
Middle East	-	-
Continental Europe	-	-
Group costs	(1)	(8)
Net finance expense	(94)	(112)

Segment depreciation	2021 £'000	2020 £'000
United Kingdom	88	29
Middle East	33	40
Continental Europe	4	3
Group costs	4	2
Depreciation	129	74

Segment amortisation	2021 £'000	2020 £'000
United Kingdom	399	367
Middle East	40	43
Continental Europe	3	9
Amortisation	442	419

2021 Segment result	Before goodwill and acquisition adjustments £'000	Fair value gains on deferred consideration and acquisition settlement £'000	Sub-total £'000	Reallocation of group management charges £'000	Total £'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 Segment result	Before goodwill and acquisition adjustments	Fair value gains on deferred consideration and acquisition settlement	Sub-total	Reallocation of group management charges	Total
	£'000	£'000	£'000	£'000	£'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)

The Group's share of results from associate and joint ventures included within the Continental Europe segment result are shown in notes 16 and 17.

Revenue from contracts with customers

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2021	2020
	£'000	£'000
Current contract assets relating to professional services contracts	988	648
Loss allowance	(6)	(20)
Total contract assets	982	628
Contract liabilities relating to professional services contracts	829	606
Total contract liabilities	829	606

Significant changes in contract asset and liabilities

There were no significant changes in Contract assets as the timing of providing services ahead of the agreed payment schedules for contracts remained largely unchanged. Most of the contract assets are derived from contracts in the Middle East operating segment.

Contract liabilities have decreased as the Group has invoiced for lower amounts ahead of providing services. Contract liabilities derive primarily from contracts in the UK operating segment.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	£'000
Total contract liabilities as at 1 October 2020	(606)
Revenue recognised that was included in the contract liability balance at the beginning of the period	528
Credits issued relating to the contract liability balance at the beginning of the year, previously invoiced but not recognised as revenue.	-
Cash received in advance of performance and not recognised as revenue in the period	(751)
Total contract liabilities as at 30 September 2021	(829)

The Group did not recognise any revenue in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods.

Statement of financial position segment information

Segment assets	2021 £'000	2020 £'000
United Kingdom	2,413	1,354
Middle East	1,427	1,562
Continental Europe	85	91
Trade receivables and contract assets	3,925	3,007
Other current assets	1,547	2,140
Non current assets*	6,432	7,704
Total assets	11,904	12,851

*Non current assets include investments in associate and joint ventures.

Segment liabilities	2021 £'000	2020 £'000
United Kingdom	3,067	2,168
Middle East	781	1,052
Continental Europe	57	25
Trade payables, contract liabilities and accruals	3,905	3,245
Other current liabilities	1,293	1,388
Non current liabilities	3,639	3,844
Total liabilities	8,837	8,477

Geographical areas

Revenue	2021 £'000	2020 £'000
United Kingdom	8,871	7,106
Country of domicile	8,871	7,106
Turkey	321	237
United Arab Emirates	2,822	4,823
Foreign countries	3,143	5,060
Revenue	12,014	12,166

Non current assets	2021 £'000	2020 £'000
United Kingdom	4,594	5,072
Country of domicile	4,594	5,072
Czech Republic	9	25
Germany	787	1,219
Turkey	43	57
United Arab Emirates	758	1,117
Foreign countries	1,597	2,418
Non current assets excluding deferred tax	6,191	7,490
Deferred tax	241	214
Non current assets	6,432	7,704

Major clients

During the year ended 30 September 2021, the Group derived 10% or more of its revenues from one client (2020: no client).

	2021 £'000	2020 £'000
Largest client revenues	3,295	877

The largest client revenues for 2021 relate to the United Kingdom operating segment (2020: United Kingdom operating segment).

Revenue by project site

The geographical split of revenue based on the location of project sites was:

	2021 £'000	2020 £'000
United Kingdom	8,528	6,769
Middle East	2,955	4,994
Continental Europe	490	373
Rest of the world	41	30
Revenue	12,014	12,166

4 Other operating income

	2021 £'000	2020 £'000
Property rental income	153	148
Management charges to joint ventures and associates	132	122
Government grants (UK furlough scheme)	59	158
Other sundry income	16	27
Total other operating income	360	455

5 Finance costs

	2021 £'000	2020 £'000
Payable on bank loans and overdrafts	3	9
Finance lease interest payable	91	103
Total finance costs	94	112

6 Auditor remuneration

During the year the Group incurred the following costs in relation to the Company's auditor and associates of the Company's auditor:

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	58	53
Fees payable to the Company's auditor and its associates for other services		
Audit of the Company's subsidiaries pursuant to legislation	70	69

The figures presented above are for Aukett Swanke Group Plc and its subsidiaries as if they were a single entity. Aukett Swanke Group Plc has taken the exemption permitted by United Kingdom Statutory Instrument 2008/489 to omit information about its individual accounts.

7 Employee information

The average number of persons employed by the Group and Company during the year was as follows:

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Technical	104	129	-	-
Administrative	29	32	7	7
Total	133	161	7	7

In addition to the number of staff disclosed above, the Group's associate and joint ventures employed an average of 146 persons (2020: 141 persons).

The costs of the persons employed by the Group and Company during the year were:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	5,874	6,958	534	542
Social security costs	444	461	65	65
Contributions to defined contribution pension arrangements	253	273	44	41
Total	6,571	7,692	643	648

The Group contributes to defined contribution pension arrangements for its employees both in the UK and overseas. The assets of these arrangements are held by financial institutions entirely separately from those of the Group.

The Group's Turkish subsidiary is required to pay termination benefits to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity payments.

The Group's Middle East subsidiaries are required to pay termination benefits to each employee who completes one year of service as stipulated by UAE labour laws. Further details of this can be found in note 23.

8 Directors' emoluments

The Executive Directors and Non-executive Directors of Aukett Swanke Group ("ASG") Plc, waived part of their emoluments in the prior year to reflect difficult trading conditions. The total amounts waived were 2021: NIL (2020: £38k).

2021	Aggregate emoluments £'000	Pension contributions £'000	Total received £'000	Waived £'000	Total entitlement £'000
Nicholas Thompson	214	10	224	-	224
John Bullough	15	-	15	-	15
Robert Fry	121	17	138	-	138
Clive Carver	30	-	30	-	30
Raúl Curiel	30	-	30	-	30
Antony Barkwith	123	16	139	-	139
Total	533	43	576	-	576

2020	Aggregate emoluments £'000	Pension contributions £'000	Total received £'000	Waived £'000	Total entitlement £'000
Nicholas Thompson	218	10	228	15	243
John Bullough	28	-	28	2	30
Robert Fry	119	19	138	9	147
Clive Carver	28	-	28	2	30
Raúl Curiel	28	-	28	2	30
Antony Barkwith	101	13	114	8	122
Total	522	42	564	38	602

Benefits were accruing to three Directors (2020: three Directors) under defined contribution pension arrangements.

The aggregate emoluments of the highest paid Director were £214,000 (2020: £218,000) together with pension contributions of £10,000 (2020: £10,000).

9 Tax charge

	2021 £'000	2020 £'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 (note 22)	(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 £'000	2020 £'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)

10 Earnings per share

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

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

Number of shares	2021 Number	2020 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

As explained in note 25 the Company has granted options over 2,500,000 of its ordinary shares. These have not been included above as the average share price was below the exercise price in 2021 and they therefore do not have a dilutive effect.

11 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 12.

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 12) 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 12.

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

12 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.

13 Property, plant & equipment

Group	Leasehold improvements £'000	Furniture & equipment £'000	Total £'000
Cost			
At 30 September 2019	597	1,473	2,070
Reclassification due to adoption of IFRS 16	(578)	-	(578)
Additions	-	245	245
Disposals	-	(80)	(80)
Exchange differences	(5)	(32)	(37)
At 30 September 2020	14	1,606	1,620
Additions	-	33	33
Disposals	-	(885)	(885)
Exchange differences	(3)	(21)	(24)
At 30 September 2021	11	733	744
Depreciation			
At 30 September 2019	131	1,349	1,480
Reclassification due to adoption of IFRS 16	(112)	-	(112)
Charge	-	74	74
Disposals	-	(64)	(64)
Exchange differences	(5)	(25)	(30)
At 30 September 2020	14	1,334	1,348
Charge	-	129	129
Disposals	-	(871)	(871)
Exchange differences	(3)	(14)	(17)
At 30 September 2021	11	578	589
Net book value			
At 30 September 2021	-	155	155
At 30 September 2020	-	272	272
At 30 September 2019	466	124	590

Company	Furniture & equipment £'000	Total £'000
Cost		
At 30 September 2020	17	17
Additions	-	-
At 30 September 2021	17	17
Depreciation		
At 30 September 2020	2	2
Charge	4	4
At 30 September 2021	6	6
Net book value		
At 30 September 2021	11	11
At 30 September 2020	15	15

14 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 23).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions' property leases the periodic rent is fixed over the lease term.

The Group also leases certain items of plant and equipment. Leases of plant and equipment comprise only fixed payments over the lease terms.

The lease liability recognised by the Group on land and buildings relates to the lease on the London premises. Rent on the premises is fixed, subject to a market value rent review in 2023.

The payments on leasehold improvements are all fixed payments for the length of the leases.

The Group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Group will consider whether the absence of a break clause would exposes the Group to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the Group.

At 30 September 2021 the leases recognised do not include any break clauses.

Right-of-use Assets

	Land and buildings £'000	Restoration costs £'000	Leasehold improvements £'000	Total £'000
At 1 October 2019	2,803	188	278	3,269
Additions	-	-	-	-
Adjustment to brought forward amortisation	-	-	44	44
Amortisation	(325)	(22)	(37)	(384)
At 30 September 2020	2,478	166	285	2,929
Additions	-	-	-	-
Amortisation	(324)	(22)	(37)	(383)
At 30 September 2021	2,154	144	248	2,546

Lease liabilities

	Land and buildings £'000	Leasehold improvements £'000	Total £'000
At 1 October 2019	3,277	278	3,555
Additions	-	-	-
Interest expense	92	11	103
Lease payments	(232)	(82)	(314)
At 30 September 2020	3,137	207	3,344
Additions	-	-	-
Interest expense	83	8	91
Lease payments	(464)	(82)	(546)
At 30 September 2021	2,756	133	2,889

	£'000
Short-term lease expense	94
Low value lease expense	16
Expense relating to variable lease payments not included in the measurement of lease liabilities	-
Aggregate undiscounted commitments for short-term leases	61

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

Lease liabilities	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 30 September 2021	115	353	459	1,280	682
At 30 September 2020	114	340	469	1,300	1,121

The Group acts as a lessor through the sub-let of part of the third floor at its Bonhill Street studio. The following is the aggregate minimum future receivables under these leases.

	2021 £'000	2020 £'000
Not later than one year	74	74
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	74	74

15 Investments

Company	Subsidiaries £'000	Joint ventures £'000	Associate £'000	Total £'000
Cost				
At 30 September 2019	10,077	21	12	10,110
Addition	100	-	-	100
At 30 September 2020	10,177	21	12	10,210
Addition	23	-	-	23
At 30 September 2021	10,200	21	12	10,233
Provisions				
At 30 September 2019	4,596	-	-	4,596
Charge	2,266	-	-	2,266
At 30 September 2020	6,862	-	-	6,862
Charge	81	-	-	81
At 30 September 2021	6,943	-	-	6,943
Net book value				
At 30 September 2019	5,481	21	12	5,514
At 30 September 2020	3,315	21	12	3,348
At 30 September 2021	3,257	21	12	3,290

The increase in cost of £23k during the year (2020: £100k) relates to the acquisition of a further 5% equity (2020: 15%) shareholding in John R Harris & Partners Limited.

A provision for impairment of £81k was made during the year to reduce the Company's investment in Swanke Hayden Connell Europe Limited down to the net book value of it's balance sheet.

A provision for impairment of £2,141k was made in the prior year against the Company's investment in Shankland Cox Limited as a result of the matters described in note 11, the value of that subsidiary is considered to have suffered a permanent diminution.

A provision for impairment of £125k was made in the prior year against the Company's investment in Aukett Fitzroy Robinson International Limited, as the United Arab Emirates branch of the subsidiary ceased trading when its' licence expired and was cancelled in July 2020.

The current net book values of the investments in subsidiaries is £3,257k (2020: £3,315k) after charges made in the current year, which is larger than the net assets of the consolidated statement of financial position of £3,067k (2020: £4,374k). This is primarily due to the Company's cost of investment in JRHP being £315k higher than the Group's carrying value of Goodwill and other intangible assets in JRHP.

The net book values are supported by the value in use calculations detailed further in note 11.

Subsidiary operations

The following are the subsidiary undertakings at 30 September 2021:

Name	Country of incorporation and registered office address (see table below)	Proportion of ordinary equity held		Nature of business
		2021	2020	
Subsidiaries				
Aukett Swanke Limited	(A)	100%	100%	Architecture & design
Aukett Fitzroy Robinson International Limited	(A)	100%	100%	Architecture & design
Veretec Limited	(A)	100%	100%	Architecture & design
Swanke Hayden Connell International Limited	(A)	100%	100%	Architecture & design
Swanke Hayden Connell Mimarlik AS	(B)	100%	100%	Architecture & design
John R Harris & Partners Limited	(C)	100%	95%	Architecture & design
Shankland Cox Limited	(A)	100%	100%	Architecture & Engineering
Aukett Swanke Architectural Design Limited	(A)	100%	100%	Architecture & design
Swanke Hayden Connell Europe Limited	(A)	100%	100%	Non-trading
Fitzroy Robinson Limited	(A)	100%	100%	Dormant
Swanke Limited	(A)	100%	100%	Dormant
John R Harris & Partners Limited	(A)	100%	100%	Dormant
Aukett Fitzroy Robinson Limited	(A)	100%	100%	Dormant
Thomas Nugent Architects Limited	(A)	100%	100%	Dormant
Aukett Fitzroy Robinson Europe Limited	(A)	100%	100%	Dormant
Aukett Limited	(A)	100%	100%	Dormant
Aukett (UK) Limited	(A)	100%	100%	Dormant
Aukett Group Limited	(A)	100%	100%	Dormant
Fitzroy Robinson West & Midlands Limited	(A)	100%	100%	Dormant

Aukett Fitzroy Robinson International Limited is incorporated in England & Wales. The entity operated principally through its Middle East branch which was registered in the Abu Dhabi emirate of the United Arab Emirates. The branch licence expired and was cancelled in July 2020, with new work engaged through Aukett Swanke Architectural Design Limited.

Aukett Swanke Architectural Design Limited is incorporated in England & Wales, but operates principally in the United Arab Emirates. The trade licence expired in March 2021 and we are in the process of freezing this licence**.**

John R Harris & Partners Limited is incorporated in Cyprus and operates principally in the Middle East. It is also the only subsidiary for which there was a non-controlling interest. The proportion of equity and voting rights held by the Group was increased from 95% to 100% on the 9th August 2021, non-controlling interests correspondingly decreased from 5% to 0%.

Shankland Cox Limited is incorporated in England & Wales, but operates principally through its Middle East branches registered in emirates of the United Arab Emirates including Abu Dhabi, Dubai, and Al Ain. These licenses expired/expire in January and April 2022, with ongoing projects being reassigned to John R Harris & Partners Limited.

The UAE domiciled branches are consolidated into the Group principally based on profit sharing agreements in place.

Interest in associate and joint ventures

Set out below are the associate and joint ventures of the Group as at 30 September 2021. The entities listed below have share capital consisting solely of ordinary shares, held directly by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation and registered office address (see below)	Proportion of ordinary equity held		Nature of relationship	Measure-ment method
		2021	2020		
Aukett + Heese Frankfurt GmbH	(D)	50%	50%	Joint venture	Equity
Aukett sro (in liquidation)	(E)	50%	50%	Joint venture	Equity
Aukett + Heese GmbH	(F)	25%	25%	Associate	Equity

All joint venture and associate entities provide architectural and design services. There are no contingent liabilities or commitments in relation to the joint ventures or associates.

Country of incorporation and registered office addresses

Ref	Country of Incorporation	Registered office address
(A)	England & Wales	10 Bonhill Street, London, EC2A 4PE, United Kingdom
(B)	Turkey	Esentepe Mahallesi Kore Şehitleri Caddesi 34, Deniz İş Hanı K.6 34394 Zincirlikuyu, Istanbul, Turkey
(C)	Cyprus	17-19 Themistokli Dervi street, The City House, 1066 Nicosia, Cyprus
(D)	Germany	Gutleutstrasse 163, 60327 Frankfurt am Main, Germany
(E)	Czech Republic	ADVOKÁTNÍ KANCELÁŘ JUDr. JAN JIŘÍČEK, Legionářů 947/2b, 182 00 Prague 8, Czech Republic
(F)	Germany	Budapester Strasse 43, 10787 Berlin, Germany

16 Investment in associate

As disclosed in note 15, 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 £'000	2020 £'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 £'000	2020 £'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 £'000	2020 £'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.

17 Investments in joint ventures

Frankfurt

As disclosed in note 15, 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 £'000	2020 £'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 £'000	2020 £'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

As disclosed in note 15, 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 £'000	2020 £'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.

18 Trade and other receivables

Group	2021 £'000	2020 £'000
Gross trade receivables	3,215	3,410
Impairment allowances	(272)	(1,031)
Net trade receivables	2,943	2,379
Other financial assets at amortised cost	385	419
Amounts owed by associates and joint ventures	22	41
Corporate tax receivable	99	-
Other current assets	526	688
Total	3,975	3,527

The corporate tax receivable of £99k relates to cash receivable from UK R&D tax claims.

Company	2021 £'000	2020 £'000
Amounts due after more than one year		
Amounts owed by associate and joint ventures	5	26
Total amounts due after more than one year	5	26
Amounts due within one year		
Trade receivables	5	-
Amounts owed by subsidiaries	381	1,830
Amounts owed by associate and joint ventures	17	14
Other financial assets at amortised cost	-	30
Other current assets	46	54
Total amounts due within one year	449	1,928
Total	454	1,954

The amounts owed by subsidiaries were secured in January 2013 by debentures over all the assets of the relevant subsidiaries. These debentures rank after the debentures securing the bank loan and overdraft.

During the year, the Company made provisions totalling £1,733k against amounts owed by subsidiaries. These are amounts owed by Aukett Fitzroy Robinson International Limited, Aukett Swanke Architectural Design Limited and Shankland Cox Limited. Following the Group's decision to restructure the UAE business either freezing or allowing trade licenses in these companies to expire, Management took the decision to make a provision against amounts owed by these companies to the Group.

Impairment allowances

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and project retentions, and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group engages with clients who are creditworthy, liquid developers. Management identified that the loss allowances should be calculated and applied separately based on geographic segments of the Group, and more specifically to each country in which the Group has operations. Whilst the specific terms each contract the Group engages in may be different, certain common characteristics can be applied.

Provisions on bad and doubtful debts in the UK and Turkey have been immaterial in the historical period reviewed in order to establish the expected loss rate at 30 September 2021. In the UK the Group generally builds up advances for contract work recognised as a credit to the balance sheet which reduces the impact of potential bad debts. Amounts due for contract work not yet billed are generally not material. No loss allowance provision has been made for trade receivables and contracts assets owed to Group entities operating in these countries.

Amounts due for contract work in the Middle East segment are material, with contracts in the Middle East often billed in arrears. Sizeable write offs in prior years have informed the overall rate calculated for the provisioning matrix.

The total impairment allowance is down £759k compared to the prior year, primarily due to the UAE entities formally writing off old debtors which previously had carried an impairment allowance. Impairment allowances as a percentage of gross trade receivables has therefore decreased to 8.5% (2020: 30%).

The loss allowance for the Middle East operating segment as at 30 September 2021 (excluding additional loss allowances measured on a case-by-case basis) was determined as follows for both trade receivables and contract assets:

30 September 2021	Current	1-30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate (%)	2%	2%	3%	6%	10%	
Gross carrying amount (£'000)	611	136	112	65	575	1,499
Loss allowance (£'000) through CSOFP	10	3	4	4	58	79

The comparative loss allowance for the Middle East operating segment as at 30 September 2020 was:

30 September 2020	Current	1-30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate (%)	3%	4%	7%	12%	16%	
Gross carrying amount (£'000)	1,080	69	161	14	552	1,876
Loss allowance (£'000) through CSOFP	33	3	11	2	89	138

The loss allowance for the Middle East operating segment as at 30 September 2021 was determined as follows for both trade receivables and contract assets:

The loss allowance was initially calculated in United Arab Emirate Dirhams (AED) being the functional currency of the Group entities in the Middle East operating segment. On conversion to GBP in the Group consolidation, the carried forward loss allowance is converted at the balance sheet rate, whereas the movement in the loss allowance in the year is converted at the average rate in the statement of comprehensive income. A foreign exchange difference of (£7k) arises which is taken through the foreign currency translation reserve.

	Contract assets £'000	Trade receivables £'000
Opening loss allowance provision as at 1 October 2020	20	118
Loss allowance provision	(13)	(38)
Amounts restated through opening Foreign Currency translation reserve	(1)	(6)
Loss allowance calculated based on ECL loss matrices	**6**	**74**
Additional provisions identified on a case by case basis	-	198
Total loss allowance as at 30 September 2021 - calculated under IFRS 9	**6**	**272**

The loss allowances decreased by £44k to £74k for trade receivables and decreased by £14k to £6k for contract assets during the year to 30 September 2021.

A further allowance for impairment of trade receivables and contract assets is established on a case-by-case basis amounting to £198k at 30 September 2021 and £913k at 30 September 2020 when there are indicators suggesting that the specific debtor balance in question has experienced a significant deterioration in credit worthiness. Known significant financial difficulties of the client and lengthy delinquency in receipt of payments are considered indicators that a trade receivable may be impaired. Where a trade receivable or contract asset is considered impaired the carrying amount is reduced using an allowance and the amount of the loss is recognised in the income statement within other operating expenses.

The movement on impairment allowances for trade receivables was as follows:

	£'000
At 30 September 2019	1,022
Loss allowance provision	(37)
Charged to the income statement based on additional case by case provisions	105
Allowance utilised	(20)
Exchange differences	(39)
At 30 September 2020	1,031
Loss allowance provision	(38)
Charged to the income statement based on additional case by case provisions	198
Allowance written-off	(865)
Exchange differences	(54)
At 30 September 2021	272

19 Trade and other payables

Group	2021 £'000	2020 £'000
Trade payables	2,112	1,713
Other taxation and social security	568	549
Other payables	103	145
Accruals	964	926
Total	3,747	3,333

Company	2021 £'000	2020 £'000
Trade payables	44	57
Amounts owed to subsidiaries	1,551	2,156
Other taxation and social security	32	-
Other payables	31	103
Accruals	92	114
Total	1,750	2,430

See note 33 for further details of the amounts due to subsidiaries.

20 Borrowings

Group	2021 £'000	2020 £'000
Secured bank loan	500	155
Total borrowings	500	155

Amounts due for settlement within 12 months	83	155
Current liability	83	155
Amounts due for settlement between one and two years	250	-
Amounts due for settlement between two and five years	167	-
Non current liability	417	-
Total borrowings	500	155

Company	2021 £'000	2020 £'000
Secured bank loan	500	155
Total borrowings	500	155

Instalments due within 12 months	83	155
Current liability	83	155
Instalments due between one and two years	250	-
Instalments due between two and five years	167	-
Non current liability	417	-
Total borrowings	500	155

The bank loan and overdraft are secured by debentures over all the assets of the Company and certain of its United Kingdom subsidiaries. The bank loan and overdraft carry interest at 4.05% (loan) and 3% (overdraft) above the Coutts Base rate for the relevant currency.

21 Analysis of net funds

Group	2021 £'000	2020 £'000
Cash at bank and in hand	515	992
Cash and cash equivalents	515	992
Secured bank loan (note 20)	(500)	(155)
Net funds	15	837

22 Deferred tax

Group	Tax depreciation on plant and equipment £'000	Trading losses £'000	Other temporary differences £'000	Total £'000
At 30 September 2019	84	117	(61)	140
Income statement	(41)	68	(1)	26
Exchange differences	-	-	1	1
At 30 September 2020	43	185	(61)	167
Income statement	(10)	45	(1)	34
Exchange differences	-	-	-	-
At 30 September 2021	33	230	(62)	201

Group	2021 £'000	2020 £'000
Deferred tax assets	241	214
Deferred tax liabilities	(40)	(47)
Net deferred tax balance	201	167

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group also did not recognise deferred income tax in respect of taxable losses carried forward against future taxable income of certain of its subsidiaries which are incorporated in the UK but operate wholly through permanent establishments in the Middle East and future profits are therefore anticipated to be non-taxable.

23 Provisions

Group	Property lease provision £'000	Employee benefit obligations £'000	Total £'000
At 30 September 2019	210	913	1,123
Utilised	-	(205)	(205)
Charged to the income statement	-	121	121
Exchange differences	-	(47)	(47)
At 30 September 2020	210	782	992
Utilised	-	(213)	(213)
Charged to the income statement	-	92	92
Exchange differences	-	(39)	(39)
At 30 September 2021	210	622	832

Property lease provision

The provision arose from lease obligations in respect of the Company's leased London premises.

There are uncertainties around the provision due to the fact that costs may increase over the period to maturity and the eventual outturn will be dependent on the level of negotiation over settlement of proposals with the Company's landlord.

The provision payable in greater than five years reflects the future estimated cost of work to be performed.

The effect of time value of money is not considered material, having been assessed by Management as a risk free rate of 10 year UK government bonds.

Employee benefit obligations

The Group's Middle East subsidiaries are required to pay termination indemnities to each employee who completes one year of service as stipulated by UAE labour laws. The applicable labour laws currently require a percentage of final salary to be paid upon resignation or termination. The percentage is determined by reference to the number of years of continuous employment and cannot exceed two years' salary.

The key actuarial assumptions used in the calculation are detailed below:

	2021	2020
Combined average length of service	5 years	5 years
Discount rate	1.74%	1.04%
Salary growth rate	2.2%	1.5%

The Group determined discount rates on the basis of current yields on 5 year high quality corporate bonds in the same currency as the liabilities. Forecast consumer price inflation ("CPI") in the region has been used as a proxy for forecast salary growth.

The sensitivity of the employee benefit obligation to changes in assumptions is set out below. The effects of a change in assumption are weighted proportionally to the total plan obligations to determine the total impact for each assumption presented.

		Impact on employee benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Combined average length of service	1 year	1.01%	(3.78)%
Salary growth rate	1%	0.15%	(0.15)%
Discount rate	1%	(0.15)%	0.15%

The Group's Turkish subsidiary is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity. The liability has been measured in line with IAS 19 and is funded from working capital.

24 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.

The objectives, policies and processes for managing capital are outlined in the strategic report.

25 Share options

The Company has granted options over its Ordinary Shares to Group employees as follows:

Granted	At 1 October 2020 Number	Granted Number	Lapsed Number	At 30 September 2021 Number	Exercise price Pence	Earliest exercisable date	Latest exercisable date
6 March 2017	500,000	-	-	500,000	4.25	6 March 2019	6 March 2023
24 Aug 2020	1,000,000	-	-	1,000,000	3.60	24 Aug 2022	24 Aug 2026
29 Jun 2021	-	1,000,000	-	1,000,000	1.60	29 Jun 2023	29 Jun 2027
Total	1,500,000	1,000,000	-	2,500,000			

The 500,000 share options granted on 6 March 2017 relate to Beverley Wright, a former Director of the Company. The 1,000,000 share options granted on 24 August 2020, and the 1,000,000 share options granted on 29 June 2021 relate to Antony Barkwith, a current Director of the Company. These share options vested and vest respectively after 2 years' service and are exercisable between 2 and 6 years after grant. The fair value of these options is not considered to be material. Further details of transactions with related parties can be found in note 33.

26 Cash generated from operations

Group	2021 £'000	2020 £'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

Company	2021 £'000	2020 £'000
Loss before income tax	(1,179)	(1,812)
Dividends receivable	(528)	(211)
Finance costs	1	9
Depreciation	4	2
Provision on investments	81	2,266
Decrease in trade and other receivables	1,499	169
Decrease in trade and other payables	(579)	(362)
Unrealised foreign exchange differences	(1)	(16)
Net cash (expended by) / generated from operations	(702)	45

Changes in liabilities arising from financing activities including changes arising from cash flows and non-cash changes

Group	Non-current loans and borrowings £'000	Current loans and borrowings £'000	Total £'000
At 1 October 2020	2,805	694	3,499
Cash flows			
- Repayment of borrowings	-	(155)	(155)
- Payment of interest	-	(1)	(1)
- Receipt of bank loan	500	-	500
- Payment of lease liabilities	-	(546)	(546)
Non-cash flows			
- Effects of foreign exchange	-	-	-
- Loans and borrowings classified as non-current at 30 September 2021	(538)	538	-
- Interest accrued in period	-	92	92
At 30 September 2021	2,767	622	3,389

Company	Non-current loans and borrowings £'000	Current loans and borrowings £'000	Total £'000
At 1 October 2020	-	155	155
Cash flows			
- Repayment of borrowings	-	(155)	(155)
- Payment of interest	-	(1)	(1)
- Receipt of bank loan	500	-	500
Non-cash flows			
- Effects of foreign exchange	-	-	-
- Loans and borrowings classified as non-current at 30 September 2021	(83)	83	-
- Interest accrued in period	-	1	1
At 30 September 2021	417	83	500

27 Financial instruments

Risk management

The Company and the Group hold financial instruments principally to finance their operations or as a direct consequence of their business activities. The principal risks considered to arise from financial instruments are foreign currency risk and interest rate risk (market risks), counterparty risk (credit risk) and liquidity risk. Neither the Company nor the Group trade in financial instruments.

Categories of financial assets and liabilities

Group	2021 £'000	2020 £'000
Net trade receivables	2,943	2,379
Contract assets	982	628
Other financial assets at amortised cost	385	419
Accrued income	33	-
Amounts owed by associate and joint ventures	22	41
Cash at bank and in hand	515	992
Loans and receivables measured at amortised cost	4,880	4,459
Trade payables	(2,112)	(1,713)
Other payables	(103)	(145)
Accruals	(964)	(926)
Lease liabilities	(2,889)	(3,554)
Secured bank loans and overdrafts	(500)	(155)
Financial liabilities measured at amortised cost	(6,568)	(6,493)
Net financial instruments	(1,688)	(2,034)

Company	2021 £'000	2020 £'000
Net trade receivables	5	-
Amounts owed by subsidiaries	381	1,830
Amount owed by associate and joint ventures	22	40
Accrued income	33	-
Other receivables	-	30
Cash at bank and in hand	211	164
Loans and receivables measured at amortised cost	652	2,064
Trade payables	(44)	(57)
Amounts owed to subsidiaries	(1,551)	(2,156)
Other payables	(31)	(103)
Accruals	(92)	(114)
Secured bank loan	(500)	(155)
Financial liabilities measured at amortised cost	(2,218)	(2,585)
Net financial instruments	(1,566)	(521)

The Directors consider that there were no material differences between the carrying values and the fair values of all the Company's and all the Group's financial assets and financial liabilities at each year end based on the expected future cash flows.

Collateral

As disclosed in note 20 the bank loan and overdraft (undrawn at 2020 and 2021 year ends) are secured by a debenture over all the present and future assets of the Company and certain of its United Kingdom subsidiaries. The carrying amount of the financial assets covered by this debenture were:

	2021 £'000	2020 £'000
Group	3,612	3,052
Company	614	1,025

Other receivables in the consolidated statement of financial position include a £230k rent security deposit (2020: £225k) in respect of the Group's London studio premises. The rent deposit redeems a cash sum of £279k at the end of the term of the lease in May 2028.

28 Foreign currency risk

The Group's operations seek to contract with customers and suppliers in their own functional currencies to minimise exposure to foreign currency risk, however, for commercial reasons contracts are occasionally entered into in foreign currencies.

Where contracts are denominated in other currencies the Group usually seeks to minimise net foreign currency exposure from recognised project related assets and liabilities by using foreign currency denominated overdrafts.

The Group does not hedge future revenues from contracts denominated in other currencies due to the rights of clients to suspend or cancel projects. The Board has taken a decision not to hedge the net assets of the Group's overseas operations.

Financial instruments which are denominated in a currency other than the functional currency of the entity by which they are held are as follows:

Group	2021 £'000	2020 £'000
Czech Koruna	5	26
EU Euro	166	21
UAE Dirham	2,046	1,844
UK Sterling	(7)	(3)
US Dollar	3	(11)
Net financial instruments held in foreign currencies	2,213	1,877

Company	2021 £'000	2020 £'000
Czech Koruna	5	26
EU Euro	130	20
US Dollar	3	(12)
UAE Dirham	254	999
Net financial instruments held in foreign currencies	392	1,033

A 10% percent weakening of UK Sterling against all currencies at 30 September would have increased / (decreased) equity by the amounts shown below. This analysis is applied currency by currency in isolation (i.e. ignoring the impact of currency correlation and assumes that all other variables, in particular interest rates, remain consistent). A 10% strengthening of UK Sterling against all currencies would have an equal but opposite effect.

	2021		2020	
	Profit £'000	Equity £'000	Profit £'000	Equity £'000
Group	39	101	25	132
Company	39	-	103	-

The following foreign exchange gains / (losses) arising from financial assets and financial liabilities have been recognised in the income statement:

	2021 £'000	2020 £'000
Group	(45)	(12)
Company	(47)	(19)

29 Counterparty risk

Group

No collateral is held in respect of any financial assets and therefore the maximum exposure to credit risk at the date of the statement of financial position is the carrying value of financial assets shown in note 27.

Counterparty risk is only considered significant in relation to trade receivables, amounts due from customers for contract work, other receivables and cash and cash equivalents.

The ageing of trade receivables against which an IFRS 9 impairment loss allowance has been made, as the directors consider their recovery is probable, was:

	Receivables pre-allowance 2021 £'000	loss allowance £'000	Receivables post-allowance 2021 £'000
Not overdue	1,210	(3)	1,207
Between 0 and 30 days overdue	923	(3)	920
Between 30 and 60 days overdue	143	(4)	139
Greater than 60 days overdue	741	(64)	677
Total	3,017	(74)	2,943

	Receivables pre-allowance 2020 £'000	loss allowance £'000	Receivables post-allowance 2020 £'000
Not overdue	1,038	(13)	1,025
Between 0 and 30 days overdue	306	(3)	303
Between 30 and 60 days overdue	222	(11)	211
Greater than 60 days overdue	931	(91)	840
Total	2,497	(118)	2,379

The processes undertaken when considering whether a trade receivable may be impaired are set out in notes 2 and 18.

All amounts overdue have been individually considered for any indications of impairment and specific provision for impairment made where considered appropriate. All of the trade receivables specifically considered to be impaired were greater than 90 days overdue.

An additional expected loss allowance provision has then been applied to the residual trade receivables as detailed in note 18.

The concentration of counterparty risk within the £3,925k (2020: £3,007k) of trade receivables and amounts due from customers for contract work is illustrated in the table below showing the three largest exposures to individual clients at 30 September.

	2021 £'000	2020 £'000
Largest exposure	646	323
Second largest exposure	240	128
Third largest exposure	240	120

The Group's principal banker is Coutts & Co, a member of the Royal Bank of Scotland group.

At 30 September 2021 the largest exposure to a single financial institution represented 54% of the Group's cash and cash equivalents held by various Group entities with Coutts & Co. (2020: 55% held by John R Harris & Partners Limited with The National Bank of Ras Al-Khaimah (P.S.C).

Company

The Company only has £5k trade receivables (2020: NIL) and no amounts due from customers for contract work.

The amounts owed by United Kingdom subsidiaries were secured in January 2013 by debentures over all the assets of the relevant subsidiaries. These debentures rank after the debentures securing the bank loan and overdraft. Prior to this all amounts owed by United Kingdom subsidiaries and by associate and joint ventures were unsecured. The amounts owed by associate and joint ventures remain unsecured.

All of the Company's cash and cash equivalents are held by Coutts & Co.

The Company is exposed to counterparty risk though the guarantees set out in note 32.

30 Interest rate risk

Group	2021 £'000	2020 £'000
Rent deposit	278	278
Secured bank loans	(500)	(155)
Secured bank overdrafts	-	-
Interest bearing financial instruments	(222)	123

Company	2021 £'000	2020 £'000
Secured bank loans	(500)	(155)
Interest bearing financial instruments	(500)	(155)

The property rent deposit earns variable rates of interest based on short-term interbank lending rates.

Due to the current low levels of worldwide interest rates, and Group treasury management requirements, the cash and cash equivalents are in practice currently not interest bearing, and therefore have not been included in interest bearing financial instruments disclosures.

The bank loan and overdraft carry interest at 4.05% (loan) and 3% (overdraft) above the Coutts Base rate for the relevant currency.

A 1% rise in worldwide interest rates would have the following impact on profit, assuming that all other variables, in particular the interest bearing balance, remain constant. A 1% fall in worldwide interest rates would have an equal but opposite effect.

	2021 £'000	2020 £'000
Group	(2)	1
Company	(5)	(2)

31 Liquidity risk

The Group's cash balances are held at call or in deposits with very short maturity terms.

At 30 September 2021 the Group had £850,000 (2020: £850,000) of gross borrowing facility and £500,000 net borrowing facility (2020: £500,000) under its United Kingdom bank overdraft facility. In November 2021 Coutts & Co renewed the overdraft facility, maintaining it at £500,000, which is now next due for review in November 2022, with an interim review in May 2022.

The maturity analysis of financial liabilities, including expected future charges through the Income Statement is as shown below.

Group **Timing of cashflows**	Borrowings £'000	Lease liabilities £'000	Other financial liabilities £'000	Total £'000
Within one year	157	547	2,784	3,488
Between one and two years	-	547	-	547
Between two and five years	-	1,450	-	1,450
Greater than five years	-	1,161	-	1,161
	157	3,705	2,784	6,646
Expected future charges through the income statement	(2)	(361)	-	(363)
Financial liabilities at 30 September 2020	155	3,344	2,784	6,283
Timing of cashflows				
Within one year	90	547	3,179	3,816
Between one and two years	263	522	-	785
Between two and five years	169	1,394	-	1,563
Greater than five years	-	697	-	697
	522	3,160	3,179	6,861
Expected future charges through the income statement	(22)	(271)	-	(293)
Financial liabilities at 30 September 2021	500	2,889	3,179	6,568

Lease liabilities includes the finance lease on leasehold improvements and the land and buildings office lease (see note 14).

Company	Borrowings	Other financial liabilities	Total
Timing of cashflows	£'000	£'000	£'000
Within one year	157	2,430	2,587
Between one and two years	-	-	-
Between two and five years	-	-	-
	157	2,430	2,587
Expected future charges through the income statement	(2)	-	(2)
Financial liabilities at 30 September 2020	155	2,430	2,585

	Borrowings	Other financial liabilities	Total
Timing of cashflows	£'000	£'000	£'000
Within one year	90	1,718	1,808
Between one and two years	263	-	263
Between two and five years	169	-	169
	522	1,718	2,240
Expected future charges through the income statement	(22)	-	(22)
Financial liabilities at 30 September 2021	500	1,718	2,218

32 Guarantees, contingent liabilities and other commitments

A cross guarantee and offset agreement is in place between the Company and certain of its United Kingdom subsidiaries in respect of the United Kingdom bank loan and overdraft facility. Details of the UK bank loan are disclosed in note 20. At 30 September 2021 the overdrafts of its United Kingdom subsidiaries guaranteed by the Company totalled £nil (2020: £nil).

The Company and certain of its United Kingdom subsidiaries are members of a group for Value Added Tax (VAT) purposes. At 30 September 2021 the net VAT payable balance of those subsidiaries was £218,000 (2020: £376,000).

At the year end, one of the Group's Middle East subsidiaries had outstanding letters of guarantee totalling £105,000 (2020: £111,000). These guarantees are secured by matching cash on deposit, which is included within trade and other receivables.

In common with other firms providing professional services, the Group is subject to the risk of claims of professional negligence from clients. The Group maintains professional indemnity insurance in respect of these risks but is exposed to the cost of excess deductibles on any successful claims. The directors assess each claim and make accruals for excess deductibles where, on the basis of professional advice received, it is considered that a liability is probable.

The Group has contractual commitments totalling £900 (2020: 3,000) per annum in respect of an IT hardware plan, expiring in December 2021. The total future commitments arising under this contract as at the balance sheet date amount to £900 (2020: £4,000).

33 Related party transactions

Key management personnel compensation

The key management personnel of the Group comprises the Directors of the Company together with the managing and financial directors of the United Kingdom and international operations.

Group	2021 £'000	2020 £'000
Short term employee benefits	1,301	1,221
Post employment benefits	106	109
Total	1,407	1,330

The key management personnel of the Company comprises its Directors.

Company	2021 £'000	2020 £'000
Short term employee benefits	600	585
Post employment benefits	43	42
Total	643	627

Transactions and balances with associate and joint ventures

The Group makes management charges to Aukett + Heese Frankfurt GmbH. The amount charged during the year in respect of these services amounted to £47,000 (2020: £47,000). Dividends of £135,000 (2020: £106,000) were received from Aukett + Heese Frankfurt GmbH during the year. The amount owed to the Group by Aukett + Heese Frankfurt GmbH at the balance sheet date was £nil (2020: £nil).

The Group makes management charges to Aukett + Heese GmbH. The amount charged by the Group during the year in respect of these services amounted to £81,000 (2020: £63,000). Dividends of £393,000 (2020: £105,000) were received from Aukett + Heese GmbH during the year. The amount owed to the Group by Aukett + Heese GmbH at 30 September 2021 was £17,000 (2020: £nil).

As disclosed in note 15, the Group owns 50% of Aukett + Heese Frankfurt GmbH and 25% of Aukett + Heese GmbH. The remaining 50% of Aukett + Heese Frankfurt GmbH and 75% of Aukett + Heese GmbH are owned by Lutz Heese, a former director of the Company.

The Group charges name licence fees and management fees to Aukett sro, a joint venture in which the Group has a 50% interest. During the year, charges of £3,000 (2020: £14,000) were made to Aukett sro in respect of these services. Separately, Aukett sro owed the Group and the Company £5,000 as at 30 September 2021 (2020: £40,000) relating to previously declared but not yet paid dividends, management fees and name licence charges.

None of the balances with the associate or joint ventures are secured.

Transactions and balances with subsidiaries

The names of the Company's subsidiaries are set out in note 15.

The Company made management charges to its subsidiaries for management services of £992,000 (2020: £971,000) and paid charges to its subsidiaries for office accommodation and other related services of £91,000 (2020: £95,000).

At 30 September 2021 the Company was owed £381,000 (2020: £1,830,000) by its subsidiaries and owed £1,551,000 (2020: £2,156,000) to its subsidiaries. These balances arose through various past transactions including working capital advances, treasury management and management charges. The amounts owed at the year-end are non interest bearing and repayable on demand.

Under IFRS 9, the Company has recorded no allowance for expected credit losses, as all subsidiaries owing funds to the Company are in a position to repay the amounts owed in line with the payment terms stipulated by the Company.

The amounts owed by United Kingdom subsidiaries were secured in January 2013 by debentures over all the assets of the relevant subsidiaries. These debentures rank after the debentures securing the bank loan and overdraft. Prior to this all amounts owed by subsidiaries were unsecured.

34 Corporate information

General corporate information regarding the Company is shown on page 2. The addresses of the Group's principal operations are shown on page 99. A description of the Group's operations and principal activities is given within the Strategic Report.

Shareholder information

Listing information

The shares of Aukett Swanke Group Plc are listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

Tradable Instrument Display Mnemonic (TIDM formerly EPIC): AUK
Stock Exchange Daily Official List (SEDOL) code: 0061795
International Securities Identification Number (ISIN): GB0000617950

Share price

The Company's share price is available from the website of the London Stock Exchange (www.londonstockexchange.co.uk).

The Company's mid-market share price is published daily in The Times and The Financial Times newspapers.

Registrars

Enquiries relating to matters such as loss of a share certificate, dividend payments or notification of a change of address should be directed to Equiniti who are the Company's Registrars at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA - 0371 384 2030 (lines are open 9.00am to 5.00pm, Monday to Friday excluding public holidays in England and Wales). Callers from outside the UK should dial +44 (0)121 415 7047. The website is www.equiniti.com.

Equiniti also provides a website which enables shareholders to view up to date information about their shareholding in the Company at www.shareview.co.uk.

Investor relations

In accordance with AIM Rule 26 regarding company information disclosure, various investor orientated information is available on our web site at www.aukettswankeplc.com.

The Company Secretary can be contacted by email at cosec@aukettswanke.com.

Donate your shares

The Company supports ShareGift, the charity share donation scheme administered by The Orr Mackintosh Foundation (registered charity number 1052686).

Through ShareGift, shareholders who have only a very small number of shares which might be considered uneconomic to sell are able to donate them to charity. Donated shares are aggregated and sold by ShareGift, the proceeds being passed onto a wide range of UK charities.

Donating shares to charity gives rise neither to a gain or loss for UK capital gains tax purposes and UK taxpayers may also be able to claim income tax relief on such gifts of shares.

Further details about ShareGift can be obtained from ShareGift, 67/68 Jermyn Street, London, SW1Y 6NY - 020 7930 3737 - www.sharegift.org.

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