RNS Number : 4642O
Aukett Swanke Group PLC
30 January 2019

# Aukett Swanke Group Plc

**Announcement of final audited results**
**for the year ended 30 September 2018**

Aukett Swanke Group Plc (the "Group"), the international group of architects and interior designers, announces its final audited results for the year ended 30 September 2018

Financial Highlights

- Revenue down 21.8% at £14.38m (2017: £18.40m)
- Loss before tax of £2.54m (2017: £325k loss)
- Net funds of £157k (2017: £184k)

Operational Highlights

- Won a major 1.26m sq. ft. retail mall in the UAE for a large Chinese client
- Veretec nominated for the AJ100 'Executive Architect of the year' for the third consecutive year, winning twice
- Double award for a Tishman Speyer property in Victoria, London
- Frankfurt JV reported its best year ever

Commenting on the results CEO Nicholas Thompson said:

*"The burden of the ongoing hiatus in the UK market, combined with a slowdown in the UAE and resultant provisioning, has hit us hard in reporting terms. Although the outlook in the UAE remains negative, we can however take some comfort from the success of our continuing focus on realigning the cost base to lower levels of activity. This is leading us towards a UK breakeven allied with good trading and a positive contribution from our European hub."*

**Enquiries**

Aukett Swanke - 020 7843 3000
Nicholas Thompson, Chief Executive Officer
Beverley Wright, Chief Financial Officer

finnCap - 020 7220 0500
Corporate Finance: Julian Blunt / Giles Rolls
Corporate Broking: Alice Lane

Investor / Media Enquiries
Ben Alexander 07926 054 111

# Extracts from the Chairman's statement

Your Company endured a perfect storm during the year ended 30 September 2018. Its architecture design operation in the United Kingdom suffered from a series of delayed projects and significant fee competition as a result of the continuing uncertainty of Brexit, whilst its business in the United Arab Emirates, although it started the year well, ended with a series of intermittent instructions, a reduced order book and debtor provisions taking their toll. Against this, our UK delivery business, Veretec, maintained its market position and is anticipating increased income for next year. Continental Europe also remained a positive contributor, but at the lower end of performance expectations.

Revenue for the year fell by 22% to £14.38m (2017: £18.40m) which was too far and too rapid for us to address by cost reductions so that the year-end loss extended to £2.54m (2017: loss £325k). However, the recent relocation of the UK office to Bonhill Street and property consolidation in the UAE will achieve considerable reductions in excess of £400k per annum in our fixed costs in future periods.

Whilst we now have a significant hill to climb to recover our financial position, a recent increase in enquiries does afford some optimism for the future. In addition, we managed our funds well, ending the year in net funds of £157k (2017: £184k), similar to last year.

In these circumstances a dividend is not being recommended this year.

Finally, I would like to thank my colleagues on the Board and all of our staff for their hard work and collective contributions in meeting the challenges of the past year. Whilst the result is not as we had hoped for, I do believe that the dedication of our team will, in time, produce positive results.

Anthony Simmonds
Chairman
29 January 2019

.

# Extracts from strategic and directors' reports

**Strategy and business model**

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. At the same time we aim to provide an enjoyable and rewarding working environment for our staff. The cyclical nature of the markets in which we operate gives rise to peaks and troughs in our financial performance. Management is cognisant that our business model needs to reflect this variable factor in both its decision-making and expectation of future performance.

Over the past four years we have acquired a number of strategically located practices to reinforce our business model which we anticipate will provide a balanced result over time. In the short term and since these acquisitions were completed some of our markets have been the subject of some significant economic or political changes which we had not expected and these have negatively impacted our performance. In particular, the continuing Brexit negotiations; the state of emergency in Turkey and the lower oil price impacting Russia and the Middle East, adversely affected our business in these regions.

This was the case in 2017 and has continued into these results for 2018.

As a Group we now have a total average full time equivalent ("FTE") staff contingent of 330 (2017: 379) throughout our organisation which includes both wholly owned and joint venture operations. We are ranked by professional staff in the World Architecture 100 2018 at number 67 (2018: 43).

In the light of the current results we are not pursuing an acquisition strategy at present and the focus is more on optimising our current platform with consideration being given to the value added by each entity.

**Group Activities**

Performance in the current year has, as previously indicated, declined with revenues falling 22% to £14.38m (2017: £18.40m) and the Group loss widened considerably to £2.54m (2017: loss £325k). This result arises from a number of adverse situations that we articulated in June last year and that have occurred in each of our hubs this year.

Total revenues under management (which includes 100% of our joint ventures and associate's revenue) fell 8% to £31.95m (2017: £34.58m). Of the 330 FTE staff around 126 (2017: 156) FTE staff are employed by our joint ventures and associate and as non-subsidiaries the income attributable to them is not shown in the consolidated revenue lines.

One significant area of comfort in relation to the adverse trading performance is our cash management with year-end net funds standing at £157k (2017: £184k) broadly the same as in the prior year but after paying down a further £236k of our long term acquisition loan. The maintenance of net funds at this level owes much to our collection regime and ability to move cash funds around our organisation in order to meet the differing timing requirements of day to day cash calls and thereby minimising any short term bank overdraft or the need to retain funds in any one location. In addition as markets return, through design-led work this aspect of our financial performance trends towards improvement far more quickly than a return to profitability.

**United Kingdom**

As we stated in last year's report revenues net of sub consultants have continued to fall - this year by a further 25% being a cumulative decline of 45% over the past two years from £12.08m to £6.61m. This rapid fall in revenue over this two-year period could not be fully offset in reduced operating costs as many are fixed or are necessary to retain our service offer.

Some of this adverse performance is due to the continuing Brexit negotiations which have resulted in numerous delays or short term suspensions on contracts, for which we are not paid and cannot otherwise reallocate staff. Elsewhere we have been less successful in

converting a number of design-led opportunities as market prices have weakened considerably and often we found design-led projects were awarded to other bidders at up to 50% of our own pricing. As such our bidding costs increased considerably during the year, as explained below.

With the expiry of our ten-year lease in Kings Cross we took the opportunity to move the studio back into the City and achieved a significant cost saving in the process. This strategic move generates a substantial long term reduction in fixed costs and in the immediate future a relaxation of rental payments via a rent free period of two years improves our near term liquidity from May 2019 after taking account of the rent deposit.

Whilst the resulting loss of £1.51m (2017: profit £19k) is large, it includes around £750k (2017: £340k) of bidding costs for work which we were not successful in winning and one off property costs of £370k (including overlap rental costs, moving costs and dilapidation fees uncovered by brought forward provisions), leaving the underlying loss at £385k .

One area of the UK business that has progressed well during the year is Veretec - our executive delivery business. Veretec currently accounts for approximately 50% of UK revenues and has continued to expand over the past few years. It owes this success partly to its position as The Architects' Journal 100 No 1 delivery architect for two successive years (and being nominated for a third) plus its ability to meld with other architectural professionals in maintaining concept and planning design intent but also giving clients and contractors alike pricing and delivery time certainty.

Key design projects undertaken this year are: completion of Ten Trinity Square - a Four Seasons Hotel for Reignwood Group; two office buildings at Granta Park; the Hub at Cambridge Science park; a refurbishment of 10 Queen Street Place; a major fit-out in Reading for an overseas investor managed by Deutsche Bank; a 14,000$m^2$ new build postgraduate complex with office use for Birmingham City University with Goodman; a new store for Alaia in Bond Street; and seven major projects all of which had partial instructions during the year but are currently on hold.

Awards won are AA hotel of the year for Reignwood's Four Seasons Hotel at Ten Trinity Square in the City of London, which also won restaurant of the Year. Verde won the OAS award for best West End refurbishment / regeneration and was shortlisted for NLA and BCO awards. Adelphi was 'Highly Commended' at the BCO London refurbished / recycled awards. Finally, the Bradfield Centre won the 'best new large building' at the Cambridge Design and Construction awards.

Veretec is delivering a range of projects from RIBA work stages 4 and 5 including: Damien Hirst's new flagship studio and art complex at 40 Beak Street, in the heart of Soho (Design Architect: Stiff + Trevillion); the redevelopment of a disused Mecca Bingo Hall into a £25m new high quality mixed-use building incorporating apartments and commercial space for LBS Hackney (Design Architect: Hawkins Brown); The Green House in London E2 which is being remodelled and extended to create 76,000 sqft of space for a new client Ethical Property Company (Design Architect: Waugh Thistleton); Dovehouse Street in Kensington & Chelsea, a new state of the art extra care facility consisting of 56 residential apartments for self-contained independent living which includes a range of communal and wellbeing facilities for Multiplex (Concept by PDP Architects); Lincoln's Inn Fields, a 10-storey new build high end residential scheme consisting of 220 apartments for Lodha Developers UK (Architect: PLP, Contractor: Multiplex); a new Music School for Kings College School Wimbledon, comprising three inter-linked blocks (Hopkins Architects & Partners, Interserve Construction); and finally the UK Pavilion, where Veretec has been selected as part of the winning multidisciplinary team alongside celebrated designer Es Devlin to create the UK's showcase pavilion at the next World Expo 2020 in Dubai.

We can foresee Veretec continuing to grow.

Our reduced operating costs led by the property saving will provide incremental support to this operation's working capital in the forthcoming period. The lower operating base will enable the UK to achieve a more profitable result, subject to a small increase in revenue.

**Middle East**

The story in the Middle East is similar to that of the United Kingdom but the reasons are very different.

The real estate market in the UAE slowed in the latter part of 2018 resulting from a decrease in market liquidity. In contrast to the UK requests for new project proposals increased, but the time taken in awarding contracts has also extended, reducing the actual new project win pipeline during the second half of the year. This is evidenced with actual projects that have been won: a 1.26m sqft. retail scheme for a Chinese developer in Dubai; a new hotel development for a repeat client in Abu Dhabi and a major residential scheme for a major Dubai developer under our newly enlarged operation - all three being variously intermittently suspended, going slower than programme or put on permanent hold. Although the cost base of the UAE operation has been reduced during the year the combined impact of uncertain awards and project duration has resulted in the operation being unable to accurately plan resourcing and at times holding staff for too long. The necessary reduction in staff resulted in a greater outflow of cash than would occur under normal trading. It was then unable to recover the full amount of the fees earned against resource input before the year end and was required to make various debtor and work in progress provisions.

The outcome of this is that revenue fell 21% to £6.82m (2017: £8.63m) resulting in a loss of £1.209m (2017 profit: £13k). This result includes some £697k of provisions for write downs in project work in progress and debtors across all businesses. Late payment is unfortunately a commonplace feature of the commercial world in this region and consequently can lead to invoice disputes and question marks over recoverability. Excluding this the underlying loss was £512k.

The outlook for this hub is dependent on a change in market confidence, a positive outcome to a number of the new project proposals submitted and our major projects continuing on a permanent basis. The Expo 2020 development represents a bubble of building work with much of it comprising small scale pavilions and will only marginally assist in generating additional revenue during the current year.

We are also continuing to review our structure and cost base in the UAE, including combining our three separate operations under a common brand and, subject to local licensing requirements for space allocation, considering co-location of our Dubai businesses. We have completed this process in Abu Dhabi.

We see the outlook as primarily flat and our emphasis is on cost control in order to maximise revenue opportunities. Cash will continue to be contained and operations rationalised until the operation has a more stable economic outlook.

**Continental Europe**

This operation comprises two joint ventures and an associate plus two wholly-owned subsidiaries. Once again the businesses had very mixed results in 2018. Revenue for the partly-owned entities is not included in revenue in the Consolidated Income Statement; in line with the use of the equity method of accounting only the after tax result is included in the results.

Revenue for the hub, (i.e. the Russian and Turkish wholly-owned subsidiaries only), declined marginally by 3.8% to £817k (2017: £849k), and achieved a small profit of £10k (loss £389k) as the net income after sub consultants rose from £472k to £632k.

Turkey won a significant fit out contract for VMware in Sofia, Bulgaria along with projects in Istanbul for Allianz, Credit Suisse, Sanofi and Vodafone. Russia managed to keep a stable revenue stream from ongoing residential schemes and private apartments in Moscow alongside a range of smaller residential and commercial projects in regional cities including Perm, Tyumen, Tobolsk and Petropavlovsk-Kamchatsky.

Both of the operations are mainly self-funded with little reliance on the Group.

The joint ventures and associate contributed £121k (2017: £253k) in profit after tax with the decrease due almost entirely to Berlin making a reduced, but still profitable contribution. This was attributable to its three major projects which ended in the second quarter requiring a significant downsizing of staff numbers and also to a project cancellation in the final quarter. Frankfurt had a positive year; the Czech Republic made a small loss.

Project completions this year in Germany included the Mercedes Platz Entertainment District, the Gropius Passagen shopping centre refurbishment, the Regatta residential apartment projects in Berlin and the Fontenay Hotel in Hamburg. Various financial service sector fit-outs were completed for Commerzbank throughout Germany, and for Woori Bank and Zurich Insurance in Frankfurt. The Czech Republic completed the Stock Pilzen Brewery and Dimension Data fit-outs in Prague.

As such, the hub reversed its prior year performance and made a positive contribution to the Group in the year of £131k (2017: loss £136k).

With Berlin returning to an optimal size of around 100 staff and Frankfurt continuing to perform well, we expect this hub to quickly recover to its former financial position and to continue to make a positive contribution to the Group result and generate future cashflow.

**Financing**

Taking account of the year's result, total equity is now £4.36m (2017: £6.76m).

Net funds at year end were £157k (2017: £184k), comprising cash of £710k (2017: £1.19m), overdrafts of £nil (2017: £228k) and the loan taken out in respect of the acquisition of Shankland Cox Limited ("SCL"), which now stands at £553k (2017: £776k). Despite the reported loss the Group has maintained a position of positive net funds.

The loan to acquire SCL was taken out in February 2016 for the principal sum of USD 1.6m representing AED 6m. It is being repaid in equal quarterly instalments of USD 80k over five years. This facility is also used by the Group to hedge foreign exchange exposures.

As reported last year, the Group's overdraft facility from its bankers Coutts & Co was increased to £500k in October 2017, in order to provide working capital flexibility and to support the UK business. This is renewable annually and currently remains in place until November 2019.

Throughout the year there has been 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 and from the second half of the 2019 financial year utilisation of the facility is expected to reduce.

The Plc continues to act as the Group's central banker and it has sought to optimise the Group's position by maximising 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.

**Summary, Group Prospects and Shareholder Value**

The results for the year are poor by any standard and somewhat worse than those seen during the financial crisis of a decade ago. We have taken action to reduce costs (mainly staff) but have only been able to rebase our fixed costs in the UK by any significant amount. This will benefit the Group in the longer term.

We expect a better outcome in 2019 than that for 2018 based on our current order book and likely prospect of recovery or, at least, of not having to provide for any further write downs of debtors or work in progress. Whilst we expect 2019 overall to report a positive result, the first half will be very much focused on mitigating any residual effect of the large loss from the prior year and our overall approach to 2019 is one of caution as it remains revenue sensitive at current operating levels.

Nicholas Thompson
Chief Executive Officer

Beverley Wright
Chief Financial Officer

29 January 2019

## Consolidated income statement

For the year ended 30 September 2018

| | Note | 2018<br>£'000 | 2017<br>£'000 |
|---|---|---|---|
| Revenue | 2 | 14,380 | 18,395 |
| Sub consultant costs | | (1,286) | (2,325) |
| Revenue less sub consultant costs | 2 | 13,094 | 16,070 |
| Personnel related costs | | (11,915) | (13,114) |
| Property related costs | | (2,029) | (2,360) |
| Other operating expenses | | (2,066) | (2,229) |
| Other operating income | | 287 | 1,089 |
| Operating loss | | (2,629) | (544) |
| Finance costs | | (36) | (34) |
| Loss after finance costs | | (2,665) | (578) |
| Share of results of associate and joint ventures | | 121 | 253 |
| Loss before tax | 2 | (2,544) | (325) |
| Tax credit | | 171 | 21 |
| Loss for the year | | (2,373) | (304) |
| Loss attributable to: | | | |
| Owners of Aukett Swanke Group Plc | | (2,345) | (323) |

| | | | |
|---|---|---|---|
| Non-controlling interests | | (28) | 19 |
| | | (2,373) | (304) |
| Basic and diluted earnings per share for loss attributable to the ordinary equity holders of the Company: | | | |
| From continuing operations | | (1.42)p | (0.20)p |
| Total loss per share | 3 | (1.42)p | (0.20)p |

## Consolidated statement of comprehensive income

For the year ended 30 September 2018

| | 2018<br>£'000 | 2017<br>£'000 |
|---|---|---|
| Loss for the year | (2,373) | (304) |
| Currency translation differences | (31) | (124) |
| Other comprehensive loss for the year | (31) | (124) |
| Total comprehensive loss for the year | (2,404) | (428) |
| Total comprehensive loss for the year is attributable to: | | |
| Owners of Aukett Swanke Group Plc | (2,370) | (425) |
| Non-controlling interests | (34) | (3) |
| | (2,404) | (428) |

## Consolidated statement of financial position

At 30 September 2018

| | Note | 2018<br>£'000 | 2017<br>£'000 |
|---|---|---|---|
| Non current assets | | | |
| Goodwill | | 2,372 | 2,377 |
| Other intangible assets | | 810 | 908 |
| Property, plant and equipment | | 114 | 210 |
| Investment in associate | | 545 | 530 |
| Investments in joint ventures | | 248 | 233 |
| Deferred tax | | 377 | 213 |
| Total non current assets | | 4,466 | 4,471 |
| Current assets | | | |
| Trade and other receivables | | 5,995 | 7,931 |

| | | |
|---|---|---|
| Cash at bank and in hand | 710 | 1,188 |
| Total current assets | 6,705 | 9,119 |
| Total assets | 11,171 | 13,590 |
| Current liabilities | | |
| Trade and other payables | (5,272) | (4,723) |
| Current tax | (1) | - |
| Borrowings | (246) | (467) |
| Provisions | - | (151) |
| Total current liabilities | (5,519) | (5,341) |
| Non current liabilities | | |
| Borrowings | (307) | (537) |
| Deferred tax | (61) | (71) |
| Provisions | (927) | (880) |
| Total non current liabilities | (1,295) | (1,488) |
| Total liabilities | (6,814) | (6,829) |
| Net assets | 4,357 | 6,761 |
| Capital and reserves | | |
| Share capital | 1,652 | 1,652 |
| Merger reserve | 1,176 | 1,176 |
| Foreign currency translation reserve | (17) | 8 |
| Retained earnings | (95) | 2,250 |
| Other distributable reserve | 1,494 | 1,494 |
| Total equity attributable to equity holders of the Company | 4,210 | 6,580 |
| Non-controlling interests | 147 | 181 |
| Total equity | 4,357 | 6,761 |

## Consolidated statement of cash flows

For the year ended 30 September 2018

| | Note | 2018 £'000 | 2017 £'000 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Cash expended from operations | 4 | (11) | (746) |
| Interest paid | | (36) | (34) |
| Income taxes paid | | - | (8) |
| Net cash outflow from operating activities | | (47) | (788) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (79) | (27) |
| Sale of property, plant and equipment | | 26 | 2 |
| Dividends received | | 99 | 215 |
| Net cash received in investing activities | | 46 | 190 |

| | | |
|---|---|---|
| Net cash outflow before financing activities | (1) | (598) |
| Cash flows from financing activities | | |
| Repayment of bank loans | (236) | (250) |
| Net cash outflow from financing activities | (236) | (250) |
| Net change in cash and cash equivalents | (237) | (848) |
| Cash and cash equivalents at start of year | 960 | 1,839 |
| Currency translation differences | (13) | (31) |
| Cash and cash equivalents at end of year | 710 | 960 |
| *Cash and cash equivalents are comprised of:* | | |
| Cash at bank and in hand | 710 | 1,188 |
| Secured bank overdrafts | - | (228) |
| Cash and cash equivalents at end of year | 710 | 960 |

## Consolidated statement of changes in equity

For the year ended 30 September 2018

| | 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 30 September 2016 | 1,652 | 110 | 2,573 | 1,494 | 1,176 | 7,005 | 184 | 7,189 |
| Loss for the year | - | - | (323) | - | - | (323) | 19 | (304) |
| Other comprehensive income | - | (102) | - | - | - | (102) | (22) | (124) |
| Total comprehensive income | - | (102) | (323) | - | - | (425) | (3) | (428) |
| At 30 September 2017 | 1,652 | 8 | 2,250 | 1,494 | 1,176 | 6,580 | 181 | 6,761 |
| Loss for the year | - | - | (2,345) | - | - | (2,345) | (28) | (2,373) |
| Other comprehensive loss | - | (25) | - | - | - | (25) | (6) | (31) |
| Total comprehensive | - | (25) | (2,345) | - | - | (2,370) | (34) | (2.404) |

income

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| At 30 September 2018 | 1,652 | (17) | (95) | 1,494 | 1,176 | 4,210 | 147 | 4,357 |

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

# Notes to the audited final results

## 1 Basis of preparation

The financial statements for the Group and parent have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Companies Act 2006 as applicable to companies reporting under IFRSs.

## 2 Operating segments

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

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

**Income statement segment information**

| Segment revenue | 2018 £'000 | 2017 £'000 |
|---|---|---|
| United Kingdom | 6,744 | 8,915 |
| Middle East | 6,819 | 8,631 |
| Continental Europe | 817 | 849 |
| Revenue | 14,380 | 18,395 |

| Segment revenue less sub consultant costs | 2018 £'000 | 2017 £'000 |
|---|---|---|
| United Kingdom | 6,610 | 8,765 |
| Middle East | 5,852 | 6,833 |
| Continental Europe | 632 | 472 |
| Revenue less sub consultant costs | 13,094 | 16,070 |

**Segment result**

| 2018 Segment result | Before goodwill and acquisition adjustments | Fair value gains on deferred consideration and acquisition settlement | Total |
|---|---|---|---|

| | £'000 | £'000 | £'000 |
|---|---|---|---|
| United Kingdom | (1,505) | - | (1,505) |
| Middle East | (1,336) | 127 | (1,209) |
| Continental Europe | 131 | - | 131 |
| Group costs | 39 | - | 39 |
| (Loss) / profit before tax | (2,671) | 127 | (2,544) |

| 2017 Segment result | Before goodwill and acquisition adjustments | Fair value gains on deferred consideration and acquisition settlement | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| United Kingdom | 19 | - | 19 |
| Middle East | (687) | 700 | 13 |
| Continental Europe | (136) | - | (136) |
| Group costs | (221) | - | (221) |
| (Loss) / profit before tax | (1,025) | 700 | (325) |

## 3 Earnings per share

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

| Earnings | 2018 £'000 | 2017 £'000 |
|---|---|---|
| Continuing operations | (2,345) | (323) |
| (Loss) / profit for the year | (2,345) | (323) |

| **Number of shares** | 2018 Number | 2017 Number |
|---|---|---|
| Weighted average of Ordinary Shares in issue | 165,213,652 | 165,213,652 |
| Effect of dilutive options | - | 153,916 |
| Diluted weighted average of ordinary shares in issue | 165,213,652 | 165,367,568 |

## 4 Cash (expended by) / generated from operations

| **Group** | 2018 £'000 | 2017 £'000 |
|---|---|---|
| Loss before tax - continuing operations | (2,544) | (325) |
| Finance costs | 36 | 34 |
| Share of results of associate and joint ventures | (121) | (253) |
| Intangible amortisation | 80 | 110 |
| Depreciation | 161 | 288 |
| (Profit) / loss on disposal of property, plant & equipment | (14) | 23 |
| Decrease in trade and other receivables | 1,952 | 913 |
| Increase / (decrease) in trade and other payables | 586 | (1,485) |
| Change in provisions | (117) | 3 |
| Unrealised foreign exchange differences | (30) | (54) |

| | | |
|---|---|---|
| Net cash expended by operations | (11) | (746) |

## 5 Analysis of net funds

| Group | 2018 £'000 | 2017 £'000 |
|---|---|---|
| Cash at bank and in hand | 710 | 1,188 |
| Secured bank overdrafts (note 20) | - | (228) |
| Cash and cash equivalents | 710 | 960 |
| Secured bank loan (note 20) | (553) | (776) |
| Net funds | 157 | 184 |

## 6 Status of final audited results

This announcement of final audited results was approved by the Board of Directors on 29 January 2019.

The financial information presented in this announcement has been extracted from the Group's audited statutory accounts for the year ended 30 September 2018 which will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The auditor's report on these accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 498 of the Companies Act 2006.

Statutory accounts for the year ended 30 September 2017 have been delivered to the registrar of companies and the auditors' report on these accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 498 of the Companies Act 2006.

The financial information presented in this announcement of final audited results does not constitute the Group's statutory accounts for the year ended 30 September 2018.

## 7 Annual General Meeting

The Annual General Meeting will be held at 10.00am on Thursday 28 March 2019 at 10 Bonhill Street, London, EC2A 4PE.

## 8 Annual report and accounts

Copies of the 2018 audited accounts will be available today on the Company's website (www.aukettswanke.com) for the purposes of AIM rule 26 and will be posted to shareholders who have elected to receive a printed version in due course.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

FR CKCDKFBKDKDB