

COMPANY C 1000

Registered number England & Wales 01959521

Veretec Limited

Annual report

For the year ended 30 September 2012

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Veretec Limited

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Veretec Limited

Company information

Directors

DA Harper
K Morgan
JNE Thompson
JA Vincent

Company secretary

DA Harper

Registered office

36-40 York Way
London
N1 9AB

Registered number

England & Wales 01959521

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Veretec Limited

Directors' report

The directors submit their report and the audited financial statements for the year ended 30 September 2012

Principal activity

The company provides professional design services specialising in architecture

Business review

Key performance indicators	2012 £'000	2011 £'000
Turnover	883	607
Loss before taxation	(6)	(71)
Net liabilities	(121)	(113)

The results of the company for the year are set out in the profit and loss account on page 9. The turnover of the company increased reflecting the higher level of project work undertaken. This higher workload meant the company was able to improve its result, making only a marginal loss before tax for the year.

The financial position of the company at the year end is set out in the balance sheet on page 10. The company's net liabilities increased during the year reflecting the small post tax loss incurred during the year.

The directors continue to undertake business development activities to secure future project work.

Principal risks and uncertainties

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

Levels of property development activity

The deterioration in the global economic environment is having a significant impact on the level of property development activity in the United Kingdom.

Due to difficulties in obtaining debt funding and concerns about future demand for property, both property developers and owner occupiers are exercising caution in proceeding with developments. This is resulting in delays to existing projects and deferral of new projects.

A reduction in property development activities poses a risk to both the company's revenue and its profits, since like any people based business it has costs which are fixed in the short and / or medium term.

The company's strategy to address these risks is to:

- Continue to focus on those developments being planned and undertaken by larger and more established developers and owner occupiers who have the financial strength through equity funding to complete the projects, and
- Continue to focus on matching staff resources to fee paying projects and varying headcount and other costs where necessary.

Veretec Limited

Directors' report

In addressing the current downturn in activity levels the directors seek to balance the need to maximise financial stability whilst ensuring the company is positioned to benefit from any future upturn and return to growth in the United Kingdom property market

Contract pricing

As well as the impact on the levels of property development, the current economic environment also generates pricing pressure through increased competition for projects between architectural practices. The economic situation of clients also creates pressure for the provision of non-fee paying work in the early stages of the project life cycle

All fee proposals to clients are prepared by the 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 company, and estimates of the resources necessary to deliver the project. Fee proposals for larger projects are subject to review and approval by senior company management, and caveats are included where appropriate

Funding

In common with other professional services businesses, the company has a relatively high level of operational gearing through staffing and property costs which make it difficult to reduce costs sufficiently quickly to avoid losses, and associated cash outflows, when faced by sharp falls in revenue

The directors seek to ensure that the company retains appropriate headroom within its funding arrangements and regularly monitors expected future headroom through the company's annual budgeting and quarterly forecasting processes

The company's principal bankers have been supportive during the economic downturn and again in December 2012 renewed its facilities for a further year

Quality of technical delivery

In common with other firms providing professional services, the company is subject to the risk of claims of professional negligence from clients

The company seeks to minimise these risks by operating our quality assurance systems which have many facets. These systems include identified individuals whose roles include focusing on maintaining quality assurance standards and spreading best practice

The company 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 undertakes annual quality control assessments

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

Dividends

The directors do not recommend the payment of a dividend

Directors

The following directors have held office during the year

Veretec Limited

Directors' report

WB Blackhall (resigned 30 April 2012)

DA Harper

K Morgan

JNE Thompson

JA Vincent

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



DA Harper

Secretary

29 January 2013

Veretec Limited

Directors' responsibilities in the preparation of financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 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.

Veretec Limited

Independent auditor's report to the members of Veretec Limited

We have audited the financial statements of Veretec Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

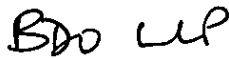
Veretec Limited

Independent auditor's report to the members of Veretec Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Nicholas Carter-Pegg (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
31 January 2013

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

Veretec Limited

Profit and loss account for the year ended 30 September 2012

Continuing operations	Note	2012 £'000	2011 £'000
Turnover	3	883	607
Other operating charges		(889)	(678)
Operating loss		(6)	(71)
Interest receivable		-	-
Interest payable		-	-
Loss before taxation		(6)	(71)
Taxation	7	(2)	13
Loss for the financial year	12	(8)	(58)

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account

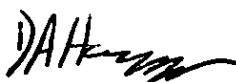
Veretec Limited

Company registration number 01959521

Balance sheet as at 30 September 2012

	Note	2012 £'000	2011 £'000
Current assets			
Debtors Amounts falling due after more than one year	8	48	213
Debtors Amounts falling due within one year	8	301	
Cash at bank and in hand		8	14
Total current assets		357	227
Creditors Amounts falling due within one year	9	(478)	(340)
Net current liabilities		(121)	(113)
Net liabilities		(121)	(113)
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(121)	(113)
Equity shareholders' deficit	13	(121)	(113)

The financial statements on pages 9 to 15 were approved by the board of directors and authorised for issue on 29 January 2013 and are signed on its behalf by



DA Harper
Director

Veretec Limited

Notes to the financial statements for the year ended 30 September 2012

1 Principal accounting policies

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The financial statements have been prepared on a going concern basis as the ultimate parent company has confirmed its current intention to continue to provide financial support to the company

A summary of the principal accounting policies are set out below

Taxation

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted

Turnover

Turnover represents the value of services performed for customers under contract (excluding value added taxes). Turnover from contracts is assessed on an individual basis with turnover earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the proportion of total time expected to be required to undertake the contract which had been performed

The amount by which turnover exceeds progress billings is classified as amounts recoverable on contracts and included in debtors. To the extent progress billings exceed relevant turnover, the excess is classified as payments on account and included in creditors

Turnover is only recognised when there is a contractual right to consideration and any turnover earned can be estimated reliably. Variations in contract work, claims and incentive payments are only recognised when it is probable they will result in turnover and they are capable of being measured reliably

2 Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Aukett Fitzroy Robinson Group Plc and is included in the consolidated financial statements of Aukett Fitzroy Robinson Group Plc, which are publically available. Consequently, the company has taken advantage of the following exemptions

- From preparing a cash flow statement under the terms of FRS 1 (revised 2006)
- From disclosing related party transactions under FRS 8 with entities that are wholly owned members of the Aukett Fitzroy Robinson Group Plc group

Veretec Limited

Notes to the financial statements for the year ended 30 September 2012

3 Turnover

The company's turnover was all derived from its principal activity wholly undertaken in the United Kingdom

4 Auditor's remuneration

The audit fees for the UK members of the Aukett Fitzroy Robinson Group Plc group have been charged entirely to Aukett Fitzroy Robinson Limited. The fee that would have been charged to this company would have been approximately £5,000 (2011: £5,000)

5 Employee information and staff costs

The company had no employees during either the current or previous year.

The provision of services of other staff is provided by Aukett Fitzroy Robinson Limited. Management charges made to Veretec Limited include the costs of these employees.

6 Directors' emoluments

All of the directors were employed by other members of the Aukett Fitzroy Robinson Group Plc group and no specific allocation of their remuneration has been made to this company.

7 Taxation

The taxation credit for the year was as follows:

	2012 £'000	2011 £'000
Current tax		
UK corporation tax on losses of the year	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
Deferred taxation		
Origination and reversal of timing differences	(2)	(17)
Adjustments in respect of previous periods	-	-
Change in tax rate	4	4
Total deferred tax (note 10)	2	(13)
Total taxation	2	(13)

The standard rate of corporation tax in the United Kingdom reduced from 28% to 26% in April 2011, from 26% to 24% in April 2012, and will reduce further to 23% in April 2013.

Veretec Limited

Notes to the financial statements for the year ended 30 September 2012

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

	2012 £'000	2011 £'000
Loss before taxation	(6)	(71)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 25% (2011 27%)	(2)	(19)
Effects of		
Tax losses recognised as deferred tax	-	17
Other timing differences	2	-
Group relief surrendered	-	2
Adjustment to tax charge in respect of prior year	-	-
Current tax for the year	-	-

8 Debtors

	2012 £'000	2011 £'000
Amounts falling due after more than one year		
Deferred tax	48	50
	48	50
Amounts falling due within one year		
Trade debtors	292	144
Amounts recoverable on contracts	9	19
Corporation tax	-	-
	301	163
Total	349	213

9 Creditors. Amounts falling due within one year

	2012 £'000	2011 £'000
Bank overdraft	-	-
Payments on account	83	30
Amounts owed to group undertakings	318	258
Other taxation and social security	69	27
Other creditors	-	-
Accruals and deferred income	8	25
Total	478	340

Any bank overdraft is secured by a debenture over all the assets of the company

In January 2013 the amounts owed to group undertakings were secured by a debenture over all the assets of the company. This debenture ranks after the debenture securing any bank overdraft.

Veretec Limited

Notes to the financial statements for the year ended 30 September 2012

10 Deferred tax asset

A deferred tax asset of £48,000 has been recognised at 30 September 2012 (2011 £50,000). The directors are of the opinion, based on forecast trading, that the level of profits in the foreseeable future will be sufficient to fully utilise the corporation tax losses carried forward.

	2012 £'000	2011 £'000
Accelerated tax depreciation	-	-
Tax losses	46	50
Other timing differences	2	-
Total	48	50

	£'000
1 October 2011	50
Profit and loss account (note 7)	(2)
30 September 2012	48

11 Called up share capital

	2012 £	2011 £
Authorised 100 (2011 100) ordinary shares of £1 each	100	100
Allotted, called up and fully paid 100 (2011 100) ordinary shares of £1 each	100	100

12 Profit and loss account

	£'000
At 1 October 2011	(113)
Loss for the year	(8)
Dividends	-
At 30 September 2012	(121)

13 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Loss for the year	(8)	(58)
Dividends	-	-
Retained loss for the year	(8)	(58)
Opening shareholders' deficit	(113)	(55)
Closing shareholders' deficit	(121)	(113)

Veretec Limited

Notes to the financial statements for the year ended 30 September 2012

14 Guarantees, contingent liabilities and other commitments

A cross guarantee and offset agreement is in place between the company and other UK members of the Aukett Fitzroy Robinson Group Plc group in respect of the bank loan and overdraft facility from Coutts & Co. The company has access, as required, to the funds available under the overdraft facility from Coutts & Co. At 30 September 2012 the debts of other related undertakings guaranteed by the company were as follows

	2012 £'000	2011 £'000
Bank overdraft	64	63
Bank loan	413	563
Total	477	626

The company and other UK members of the Aukett Fitzroy Robinson Group Plc group are members of a group for Value Added Tax purposes. At 30 September 2012 the net VAT payable balance of other members of this VAT group was £146,000 (2011 £313,000)

In common with other firms providing professional services, the company is subject to the risk of claims of professional negligence from clients. The company 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.

15 Ultimate parent company

The ultimate parent company and controlling party is Aukett Fitzroy Robinson Group Plc, which is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Aukett Fitzroy Robinson Group Plc may be obtained from the company's registered office at 36-40 York Way, London, N1 9AB or from its website at www.aukettfitzroyrobinson.com