veretec

A member of the Aukett Swanke Group

Veretec Limited

Annual report

For the year ended 30 September 2017

Registered number England & Wales 01959521

Veretec Limited

Contents

Veretec Limited

Company information

Directors

JB Atha
K Morgan
JNE Thompson
BA Wright

Company secretary

AM Ellis

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

Principal activity

The Company provides integrated professional design services specialising in architecture and interior design.

Business review

The results of the Company for the year are set out in the statement of profit and loss and other comprehensive income on page 8.

Aukett Swanke Group Plc is the ultimate controlling party and manages the Group's operations on a segmental basis. The development, performance and position of Aukett Swanke Group Plc's UK activities are discussed in the Group's annual report, which does not form part of this report.

During the year, the company won, for the second year running, the 2017 "Executive Architect of the Year" as awarded by the Architects Journal.

Directors

The following Directors have held office during the year:

JB Atha
K Morgan
JNE Thompson
BA Wright

Dividends

No interim dividend has been paid during the year (2016: £nil). The Directors do not recommend the payment of a final dividend.

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 has confirmed that they have taken all the steps that ought to have been 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.

Independent auditors

The auditors, BDO LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting.

The Directors' report was approved by the Board on 10 January 2018 and signed on its behalf by

AM Ellis
Company Secretary

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 these 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

Opinion

We have audited the financial statements of Veretec Limited (the 'company') for the year ended 30 September 2017 which comprise the statement of profit and loss and comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Tim Neathercoat

Tim Neathercoat (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
10 January 2018

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

Veretec Limited

Statement of profit and loss and other comprehensive income for the year ended 30 September 2017

Continuing operations	Note	2017	2016
		£'000	£'000
Turnover	3	3,672	3,311
Other operating charges		(3,686)	(3,027)
Operating (loss) / profit		(14)	284
Interest payable		-	-
(Loss) / profit before taxation		(14)	284
Taxation	7	-	18
(Loss) / profit after taxation		(14)	302
Other comprehensive income		-	-
Total comprehensive (deficit) / income		(14)	302

Veretec Limited
Company registration number 01959521

Statement of financial position as at 30 September 2017

	Note	2017 £'000	2016 £'000
Current assets			
Trade and other receivables	8	3,819	3,812
Cash at bank and in hand		1	2
Total current assets		3,820	3,814
Trade and other payables	9	(2,921)	(2,901)
Net current assets		899	913
Net assets		**899**	**913**
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account		899	913
Equity shareholders' funds		**899**	**913**

The financial statements on pages 8 to 17 were approved by the Board of Directors and authorised for issue on 10 January 2018 and are signed on its behalf by

BA Wright

BA Wright
Director

Statement of changes in equity as at 30 September 2017

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 30 September 2015	**-**	**611**	**611**
Total comprehensive income	-	302	302
Dividends paid		-	-
At 30 September 2016	**-**	**913**	**913**
Total comprehensive deficit	-	(14)	(14)
Dividends paid		-	-
At 30 September 2017	**-**	**899**	**899**

1 Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Veretec Limited (the "Company") for the year ended 30 September 2017 were authorised for issue by the Board of Directors on 10 January 2018 and the balance sheet was signed on the Board's behalf by B A Wright. Veretec Limited is incorporated and domiciled in England and Wales

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£). The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

2.2 Going Concern

The Company has prepared and reviewed forecasts based on which the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Directors have also obtained confirmation from the ultimate parent company, Aukett Swanke Group Plc, that they will continue to provide ongoing financial support to the Company and will not demand payment of the amount owed to group undertaking for a period of twelve months.

Given the level of support available, the Directors have prepared the financial statements on the going concern basis.

2.3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recognition of contractual revenue

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 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.

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.

Recognition of fee claim revenue

The nature of the project work undertaken by the Company 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.

In such circumstances the revenue recognised is limited to the amounts considered both probably recoverable, and capable of reliable measurement, taking into account all the relevant circumstances of the individual project and client.

2.4 Significant accounting policies

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 receivables. To the extent progress billings exceed relevant turnover, the excess is classified as payments on account and included in payables.

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.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Gains and losses arising on retranslation are included in the profit and loss account for the year.

Provisions

Provisions are recognised when a present legal obligation has arisen as a result of a past event which it 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.

Financial instruments

The initial recognition and measurement of financial assets are within the scope of IAS 39 and are classified as financial assets at fair value through the income statement. Financial assets and financial liabilities are recognised in full in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through the statement of comprehensive income are measured at fair value.

Receivables:

Short term receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Payables:
Short term trade payables are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

De-recognition of financial assets and liabilities:
A financial asset is de-recognised only when the contractual rights to cash flows expire or are settled, or substantially all of the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is liable to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is de-recognised when the obligation in the contract is discharged, cancelled or expires.

Equity instruments:
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

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 tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws enacted by the balance sheet date.

3 Turnover

The Company's turnover was all derived from its principal activity and the geographical split of turnover based on the location of project sites was:

	2017	2016
	£'000	£'000
United Kingdom	3,287	3,242
Middle East	385	69
Total	3,672	3,311

4 Auditor's remuneration

The audit fees for the UK members of the Aukett Swanke Group have been charged entirely to Aukett Swanke Limited. The fee that would have been charged to this Company would have been approximately £11,000 (2016: £10,000).

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 Swanke Limited. Management charges made to the Company include the costs of these employees.

6 Directors' emoluments

All of the directors were employed by other members of the Aukett Swanke Group and no specific allocation of their remuneration has been made to this Company.

7 Taxation

The taxation charge for the year was as follows:

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax on profits of the year	-	-
Adjustments in respect of previous periods	-	(20)
Total current tax credit	-	(20)
Deferred taxation:		
Origination and reversal of timing differences	-	2
Adjustments in respect of previous periods	-	-
Change in tax rate	-	-
Total deferred tax	-	2
Total taxation credit	-	(18)

The standard rate of corporation tax in the United Kingdom is 19% (2016: 20%)

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

	2017 £'000	2016 £'000
(Loss) / profit before taxation	(14)	284
(Loss) / profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2016: 20%)	(3)	57
Effects of:		
Group relief granted / (received)	3	(55)
Adjustment to tax charge in respect of prior year	-	(20)
Total tax credit for the year	-	(18)

8 Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	1,044	764
Amounts recoverable on contracts	16	274
Amounts owed by group undertakings	2,759	2,774
Total	3,819	3,812

The amounts due by group undertakings are non-interest bearing and repayable on demand.

9 Trade and other payables

	2017 £'000	2016 £'000
Trade payables	3	4
Payments on account	205	451
Amounts owed to group undertakings	2,584	2,247
Other taxation and social security	100	159
Accruals and deferred income	29	40
Total	2,921	2,901

The amounts owed to group undertakings are secured by a debenture over all the assets of the Company. This debenture ranks after the debenture securing any bank overdraft. The amounts are non-interest bearing and repayable on demand.

10 Called up share capital

	2017 £	2016 £
Authorised		
100 (2016: 100) ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 (2016: 100) ordinary shares of £1 each	100	100

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

Notes to the financial statements for the year ended 30 September 2017

11 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 Swanke Group in respect of the loan and overdraft facilities from Coutts & Co. The Company has access, as required, to the funds available under the overdraft facility from Coutts & Co. At 30 September 2017 the loans and overdrafts of related undertakings guaranteed by the company totalled £1,004,000 (2016: £1,049,000).

The Company and other UK members of the Aukett Swanke Group are members of a group for Value Added Tax purposes. At 30 September 2017 the net VAT payable balance of other members of this VAT group was £177,000 (2016: £154,000).

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.

12 Related party transactions

The Company trades with Aukett sro, a joint venture incorporated in the Czech Republic which is owned 50% by Aukett Swanke Group Plc. Transactions during the year totalled £29,000 (2016: £90,000). At the year end, £nil (2016: £nil) was owed to Aukett sro.

13 Ultimate parent company

The ultimate parent company and controlling party is Aukett Swanke 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 Swanke 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.aukettswanke.com.