

# **Velosi Certification Bureau Limited**

Company Registration No 03696143

## **Directors' report and financial statements**

**For the year ended 31 December 2010**

TUESDAY



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27/09/2011  
COMPANIES HOUSE

# **VELOSI CERTIFICATION BUREAU LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	J T Vincent N A Jalil S T Ooi (resigned 18 April 2011) M Coles (appointed 18 April 2011)
<b>Company secretary</b>	M Coles
<b>Company number</b>	03696143
<b>Registered office</b>	1 Woodside Business Park Whitley Wood Lane, Reading Berkshire RG 2 8LW
<b>Auditors</b>	Mazars LLP Chartered Accountants & Statutory Auditors Tower Bridge House St Kathanne's Way London E1W 1DD

# **VELOSI CERTIFICATION BUREAU LIMITED**

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# **VELOSI CERTIFICATION BUREAU LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

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The directors present their report and the financial statements for the year ended 31 December 2010

### **Principal activities**

The principal activity of the company during the year was that of supplying technical, engineering and industrial services

### **Directors**

The directors who served during the year were

J T Vincent  
N A Jalil  
S T Ooi (resigned 18 April 2011)  
M Coles (appointed 18 April 2011)

### **Statement of directors' responsibilities**

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 that 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 estimates that are reasonable and prudent,
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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

### **Provision of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

### **Auditors**

Under section 487 of the Companies Act 2006, Mazars LLP will be deemed to have been reappointed as auditor(s) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

# VELOSI CERTIFICATION BUREAU LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 23/09/11 and signed on its behalf



**M Coles**  
Director

# **VELOSI CERTIFICATION BUREAU LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VELOSI CERTIFICATION BUREAU LIMITED**

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We have audited the financial statements of Velosi Certification Bureau Limited for the year ended 31 December 2010, 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 the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors' responsibilities set out on page 1, 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. 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 Auditors' 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.

### **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](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the provisions of the Companies Act 2006 applicable to small companies.

### **Opinion on the other matter 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.

## VELOSI CERTIFICATION BUREAU LIMITED

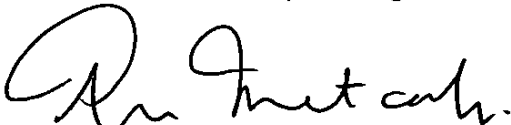
### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VELOSI CERTIFICATION BUREAU LIMITED

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#### 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, or
- the directors were not entitled to prepare the financial statements and the Directors' report in accordance with the small companies regime



Richard Metcalfe (Senior Statutory Auditor)

for and on behalf of Mazars LLP, Chartered Accountants (Statutory Auditors)

Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

Date 26/9/2011

# VELOSI CERTIFICATION BUREAU LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Turnover	1	1,009,817	691,345
Cost of sales		(864,752)	(583,244)
Gross profit		145,065	108,101
Administrative expenses		(270,833)	(210,035)
Operating loss	3	(125,768)	(101,934)
Interest payable		(496)	(2)
Loss on ordinary activities before taxation		(126,264)	(101,936)
Tax on loss on ordinary activities	4	(46,283)	28,265
Loss for the financial year	13	(172,547)	(73,671)

All amounts relate to continuing operations

There were no recognised gains or losses for 2010 and 2009 other than those included in the profit and loss account

The notes on pages 7 to 14 form part of these financial statements



# VELOSI CERTIFICATION BUREAU LIMITED

Registered number 03696143

## BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
<b>Fixed assets</b>					
Tangible fixed assets	5		85,463		44,367
Fixed asset investments	6		24,459		24,459
			<u>109,922</u>		<u>68,826</u>
<b>Current assets</b>					
Stocks	7	14,031		8,428	
Debtors	8	397,660		511,445	
Cash at bank		58,403		18,276	
		<u>470,094</u>		<u>538,149</u>	
<b>Creditors: amounts falling due within one year</b>	9	(841,319)		(725,041)	
<b>Net current liabilities</b>			<u>(371,225)</u>		<u>(186,892)</u>
<b>Total assets less current liabilities</b>			<u>(261,303)</u>		<u>(118,066)</u>
<b>Creditors: amounts falling due after more than one year</b>	10		(29,310)		-
<b>Net liabilities</b>			<u>(290,613)</u>		<u>(118,066)</u>
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Profit and loss account	13		(290,713)		(118,166)
<b>Shareholders' deficit</b>			<u>(290,613)</u>		<u>(118,066)</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

23/09/11



**M Coles**  
Director

The notes on pages 7 to 14 form part of these financial statements

# VELOSI CERTIFICATION BUREAU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis. Due to the financial position of the company, the validity of this basis is conditional upon the continued support of the company's ultimate parent undertaking, Velosi Limited.

The directors of the company have received assurances from the ultimate parent undertaking, Velosi Limited, that it will continue to support the company to enable it to meet its liabilities as they fall due for at least the next 12 months from the date of approval of these accounts.

Should the company be unable to continue trading as a result of the withdrawal of the support of the ultimate parent undertaking, adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

#### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	25%	straight line
Motor vehicles	-	25%	straight line
Fixtures & fittings and equipment	-	15%	straight line

#### 1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

#### 1.6 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

#### 1.7 Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

# VELOSI CERTIFICATION BUREAU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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### 1. Accounting policies (continued)

#### 1.8 Finance lease agreements

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

#### 1.9 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### 1.10 Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### 1.11 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### 1.12 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Velosi Limited, a company registered in Jersey, and is included in the consolidated accounts of that company.

#### 1.13 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

### 2. Turnover

3.9% of the company's turnover (2009 - 4.0%) is attributable to geographical markets outside the United Kingdom.

# VELOSI CERTIFICATION BUREAU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 3. Operating loss

The operating loss is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	15,479	8,233
- held under finance leases	938	-
Auditors' remuneration	8,560	9,036
Pension costs	1,216	945

During the year, no director received any emoluments (2009 - £NIL)

### 4. Taxation

	2010 £	2009 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on loss for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(28,265)
Prior year adjustment	46,283	-
<b>Total deferred tax (see note 11)</b>	46,283	(28,265)
<b>Tax on loss on ordinary activities</b>	46,283	(28,265)

# VELOSI CERTIFICATION BUREAU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 4. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2009 - higher than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £	2009 £
Loss on ordinary activities before tax	(126,264)	(101,936)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	(35,354)	(28,542)
Effects of:		
Expenses not deductible for tax purposes	-	277
Capital allowances for year in excess of depreciation	4,596	2,305
Unrelieved tax losses carried forward	30,741	25,960
Other differences leading to an increase in the tax charge	17	-
Current tax charge for the year (see note above)	-	-

The company has tax losses carried forward of £248,233 (2009 £138,445) on which a deferred tax asset has not been recognised because no tax benefit is expected from these losses in the foreseeable future

### 5. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost</b>				
At 1 January 2010	60,308	25,437	1,517	87,262
Additions	11,744	45,016	753	57,513
At 31 December 2010	72,052	70,453	2,270	144,775
<b>Depreciation</b>				
At 1 January 2010	39,304	2,120	1,471	42,895
Charge for the year	9,043	7,297	77	16,417
At 31 December 2010	48,347	9,417	1,548	59,312
<b>Net book value</b>				
At 31 December 2010	23,705	61,036	722	85,463
At 31 December 2009	21,004	23,317	46	44,367

# VELOSI CERTIFICATION BUREAU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 5. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2010 £	2009 £
Motor vehicles	44,078	-

### 6. Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 January 2010 and 31 December 2010	24,459

Investments constitute holdings in the following unlisted entities

#### Velosi Quality Management International L.L.C

Country of Incorporation - United Arab Emirates

Nature of business - Provision of certification, engineering and inspection services

Ordinary shares - 100% holding

#### Velosi CBL (M) SDN. BHD

Country of Incorporation - Malaysia

Nature of business - Provision of equipment inspection services

Ordinary shares - 100% holding

### 7. Stocks

	2010 £	2009 £
Work in progress	11,125	3,572
Finished goods and goods for resale	2,906	4,856
	14,031	8,428

# VELOSI CERTIFICATION BUREAU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 8. Debtors

	2010 £	2009 £
Trade debtors	216,198	298,887
Amounts owed by group undertakings	162,549	152,025
Other debtors	18,913	14,250
Deferred tax asset (see note 11)	-	46,283
	<u>397,660</u>	<u>511,445</u>

### 9. Creditors: Amounts falling due within one year

	2010 £	2009 £
Net obligations under finance leases and hire purchase contracts	14,812	-
Trade creditors	71,692	52,767
Amounts owed to group undertakings	610,130	536,778
Social security and other taxes	67,940	70,996
Other creditors	76,745	64,500
	<u>841,319</u>	<u>725,041</u>

### 10. Creditors: Amounts falling due after more than one year

	2010 £	2009 £
Net obligations under finance leases and hire purchase contracts	<u>29,310</u>	<u>-</u>

### 11. Deferred taxation

	2010 £	2009 £
At beginning of year	46,284	18,018
Movement in year	-	28,265
Reversal of prior year credit	(46,284)	-
	<u>-</u>	<u>46,283</u>

# VELOSI CERTIFICATION BUREAU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 11. Deferred taxation (continued)

The deferred taxation balance is made up as follows

	2010 £	2009 £
Accelerated capital allowances	-	7,631
Tax losses carried forward	-	38,652
	<u>-</u>	<u>46,283</u>

### 12. Share capital

	2010 £	2009 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 13. Reserves

	Profit and loss account £
At 1 January 2010	(118,166)
Loss for the year	(172,547)
At 31 December 2010	<u>(290,713)</u>

### 14. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and the amounts outstanding at the year end amounted to £603 (2009 - £nil)

#### Defined contribution

	2010 £	2009 £
Contributions by the company for the year	<u>1,216</u>	<u>945</u>



# VELOSI CERTIFICATION BUREAU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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### 15. Operating lease commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	2010 £	2009 £
<b>Expiry date:</b>		
Within 1 year	1,594	9,017
Between 2 and 5 years	3,015	22,685
	<u>          </u>	<u>          </u>

### 16. Related party transactions

Advantage has been taken of the exemption provided by FRS8 ( 'Related party disclosures') from disclosing details of transactions with its subsidiary undertakings on the basis that 90% or more of the Company's voting rights are controlled within the group which prepares publicly available consolidated group financial statements in which they are included

### 17. Ultimate parent undertaking

The ultimate parent undertaking at 31 December 2010 was Velosi Limited, a company registered in Jersey, Channel Islands

Velosi Limited prepares consolidated financial statements and copies can be obtained from Walker House, PO Box 72, 28-34 Hill Street, St Helier, JE4 8PN

### 18. Post balance sheet events

Velosi Limited was being acquired by Azul Holding 2 Sarl ("Azul") in December 2010. The process of the acquisition was still in progress as of 31 December 2010. Azul made a recommended offer ("Offer") to acquire the whole of the issued and to be issued ordinary share capital of the Company. On 25 January 2011, Azul announced that the Offer had become wholly unconditional.