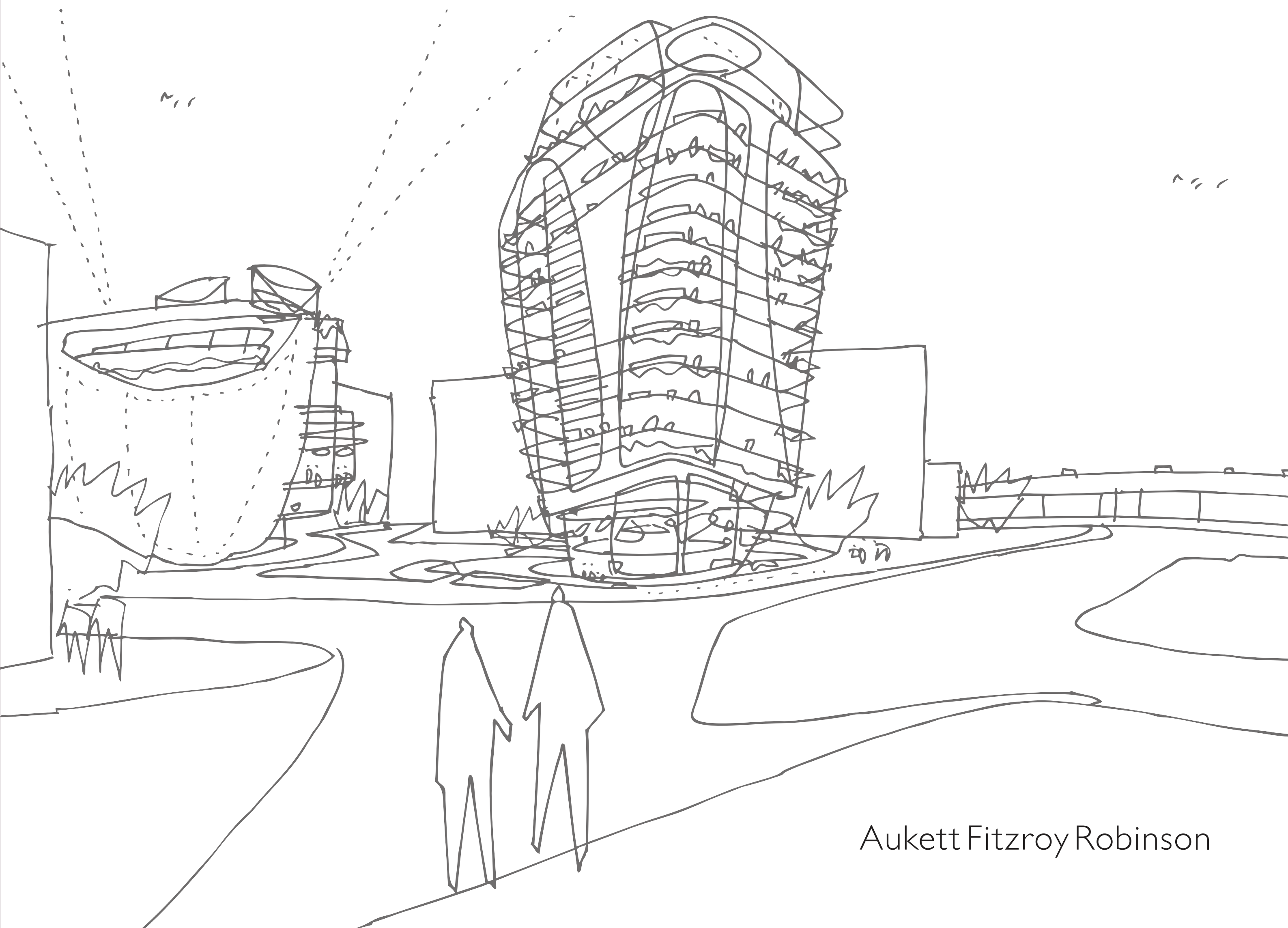
AUKETT FITZROY ROBINSON GROUP PLC

2010 annual report and accounts



Aukett Fitzroy Robinson

imagine. design. create.

Aukett Fitzroy Robinson is an international practice of architects and interior design specialists who design and deliver commercial projects throughout Europe, the Middle East and Russia

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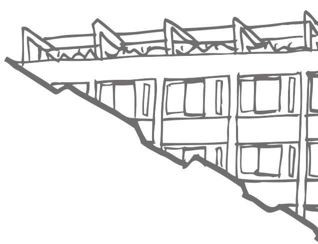

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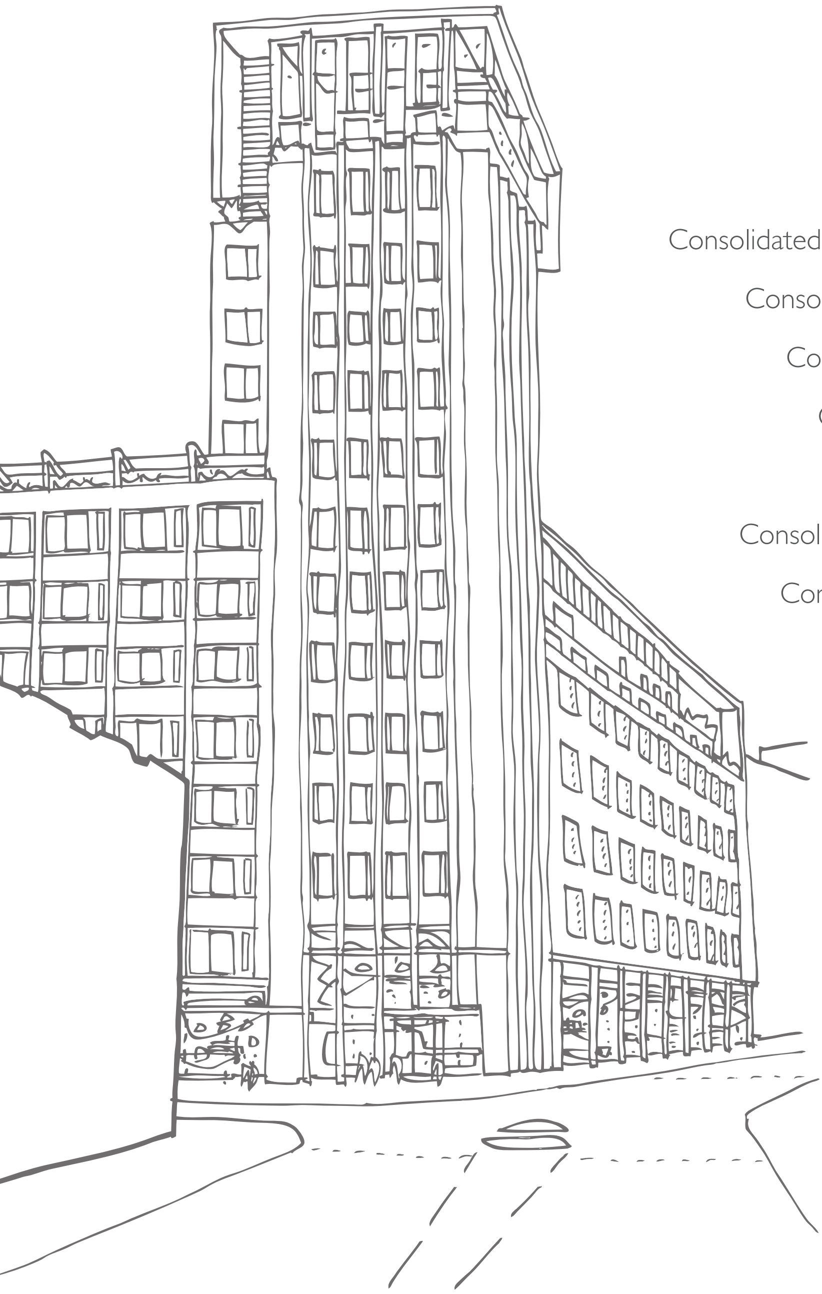

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client list

a Adnams ALDAR Allcon Amanda Levete AMP Asset Management Anglian Water b Argent Argyll Property Asset Management Arup ASDA Avaya Communications AXA Sun Life BAA Lynton Ballymore Properties BAM Bank of Moscow Barclays Group Property Services BBC Benchmark Bovis Lendlease Bowmer & Kirkland British Energy British Land Brunswick BSkyB BT Bundesdruckerei c Capital Shopping Centres Carillion Carlton Club Carlyle Group CBRE Centros Chelmsford Cathedral CIN LaSalle CIS Cisco City & Guilds Commercial Estates Corinthia Group Corporation of London Costain Countryside Properties Credit Suisse Crest Nicholson Crosby Homes Crossrail Crowne Plaza Hotels d Daimler Chrysler Deeley Freed Development Securities DGV Consulting Diageo Dresdner Bank DTC de Beers DTZ Debenham Tie Leung Dublin Docklands Development Authority Dunhill DVLA e Ede & Ravenscroft Electricity Supply Nominees f Eli Lilly Endsleigh Insurance English Partnerships Ernst & Young Eurofinance Bank Exxon Mobil Fenlay Fenwick Firoka Flemings Bank Foreign & Commonwealth Office Fujitsu g GE Capital Gertler GmbH GlaxoSmithKline h Goldman Sachs Goodman Government of Singapore Great Portland Estates Grosvenor Estates Hazlewood Foods Helical Bar Heron Property Hexal Pharmaceuticals Hilton International Hochtief Holy Trinity Brompton Home Office IND Honeywell GmbH Howard de Walden Estates HSBC Hurlingham Club i Imperial College j ING Real Estate Institute of Physics Interros Interserve IPPC Irausa UK Irish Rail ISG Jarrold & Son Jody Scheckter Jones Lang LaSalle JP Morgan k Kier Build Korine Property Partners KPMG l Land Securities LaSalle Investment Management Le Meridien Lee Valley Authority Legion Developments Linden Homes Local Government Association London and Regional London Electricity London Underground Long Term Credit Bank of Japan m Maharishi Foundation Macquarie Bank Marchday Marks & Spencer Meermann Group Mellon Financial Corporation Mercers' Company Merkur Development Microsoft MoD Mouchel n NAPP Pharmaceuticals National Grid Nations Bank NATS Network Rail Nicholson Estates Northern Rock Norwich Union o ODPM Opin Group Orbis Investment Advisory Orco p Palestra Peresvet Region Pfizer Pillar Property Investments Plysu Polkomtel Portman Building Society Prologis Providence Row PRUPIM q Quinlan Golub r Rabobank Radisson Edwardian Radisson Blu Railtrack Railway Pension Nominees Ralph Trustees Ramboll Reading FC Redevco Renfrewshire Enterprise Reuters Rocco Forte Royal Bank of Scotland RSPB Rubylovo-Archangelskoe s Saatchi & Saatchi / Bates SAB Miller Saphire Invest Savills SC Johnson Scala Scottish Development Agency Segro Siemens Simons Developments Sir Robert McAlpine Sistema Hals Skanska Spillers Southampton Solent University Standard Life Investments St Alphage Church St Andrew's URC, Canterbury St Martin's Property Sun Microsystems Suse Linux GmbH Syngenta International t Taylor Wimpey Tenkhoff Properties Terrace Hill Tesco The Royal College of Surgeons of England Tischman Speyer Total Gas & Power Transport for London Trinity Hall Tube Lines u University of Cambridge Usadba Center v Vestas Voreda w Wates Welbeck Land Wellcome Trust Welsh Assembly Westpac Worshipful Company of Cordwainers Worshipful Company of Grocers z Zeneca

W6

GE Ark, London

Our inspiring working environment has connected employees and visitors to the GE brand

our london

Aukett Fitzroy Robinson have been working in the City of London and Westminster since the practice was founded in the 1950s. To date we have been involved with more than 120 buildings in the City and another 80 buildings in Westminster.

We have built buildings for notable clients such as Land Securities and Great Portland Estates since the early days and are still working for them today.

1955

Job No 6 : Great Portland Estates

Job No 96 : Land Securities

1960s

1962

Knighton House, W1 : Great Portland Estates

1962

Aldermary House, EC2 : Watling Street Properties

1963

Park Crescent, W1 : Great Portland Estates

1964

Oxford Street, W1 : Land Securities

1965

NM Rothschild, New Court, EC3

1966

Finsbury Square, EC2 : London & Manchester Assurance

1970s

1972

Burlington Gardens, W1 : Land Securities

1974

The London Stock Exchange, EC3

1975

Founders' Court, EC2 : Brown Shipley

1976

Billiter Street, EC2 : Trafalgar House

1976

Queen Anne's Gate, SW1 : Land Securities

1977

Moorgate, London EC2 : The Mercers' Company

1978

Angel Court, EC2 : The Clothworkers' Company

1979

Banque Nationale de Paris, HQ, King William Street, EC4

1980s

1980

Watling Court, EC4 : Electricity Supply Nominees

1989

King William St, EC3 : Speyhawk

1988

Hambros HQ, EC3 : Hambros Bank

1987

Fenchurch Exchange, EC3 : Norwich Union

1986

Robert Fleming HQ, Moorgate, EC4

1985

80 Bishopsgate, EC2 : Great Portland Estates

1985

Standard Chartered Bank, Bishopsgate, EC2

1992

Little Britain, EC2 : Wimpey Property

1992

The Royal Exchange, EC3 : GRE

1991

No 1 Knightsbridge, SW1 : St George's Investments

1991

Lanesborough Hotel, SW1 : St George's Investments

1991

55 Bishopsgate, EC2 : Kumagai Gumi

1990

St Martin le Grand, EC1 : Nomura International

1998

80 Cheapside, EC3 : Spen Hill

1996

Corn Exchange, EC3 : British Land

1996

Institute of Physics, W1

1995

160 Great Portland St, W1 : Great Portland Estates

1994

Zeneca HQ, W1

2004

Waldorf Hilton, WC2

2004

The Royal Exchange, EC3 : Alanis

2004

Mellon Financial Corporation, EC4

2002

BBCi, Bush House, WC2 : BBC

2002

Crowne Plaza : The City, EC4 Embankment Place Hotels

2001

BT Centre, Newgate St, EC1 : BT

2007

Alfred Dunhill, Davies Street, W1

2008

Queen Anne's Gate, SW1 : Land Securities

2012

123 Victoria Street, SW1 : Land Securities

2010

Fenwick, Bond Street, W1

2009

Wells & More, W1 : Great Portland Estates

2009

63 Brook Street, W1 : Grafton Advisors

1990s

2000s

2010s

A map of London West End, Mid Town and City showing our completed and current work

Current work Completed work

by Luke Schuberth & Suzette Vela Burkett, London Studio Directors

A city life is a busy life

During the past year our London studio has had the opportunity to work on a range of inspiring schemes. We are proud to have won a number of significant projects and to be working with both long standing and new clients on delivering and adding to their vision.

We also celebrated the completion of numerous projects including **Fenwick Bond Street, GE The Ark, The Angel Building, Heythrop Park Crowne Plaza Hotel in Oxfordshire, 3 St James in Norwich and the Metropole Lounge at the Hilton Cardiff.**

GE, The Ark

Office Fit-Out London W6

"Aukett Fitzroy Robinson's design for the postgraduate accommodation on the new Imperial College campus at White City was granted unanimous consent by Hammersmith and Fulham Council.

The consented scheme is a testament to the quality of the architect's design and was secured in only 10 months - a great achievement by the team."

John Anderson, Chief Executive Officer, Imperial College

Woodlands Imperial College

Campus Masterplan Redevelopment
London W6

our london studio

Covent Garden

Mixed-use Redevelopment
London WC2

From a limited, invited, competition we are delighted to have been selected by The Royal College of Surgeons of England to design their new Anatomical Facility within their Grade II* Listed property in Lincoln's Inn Fields.

The London studio teams have many new projects currently underway. Woodlands Imperial College Phase 1, Hammersmith recently gained planning approval and is starting on site shortly.

Projects such as 125 Wood Street are beginning to fire our City workload back into life, which is encouraging.

We have also been designing an exciting mixed-use project in bustling Covent Garden, which is now progressing through the feasibility stage.

125 Wood St Office Refurbishment
London EC2

Since moving into our Kings Cross studio two years ago, the spirit of communication and creation has blossomed.

It has been an interesting year at the coal face of architecture and design. Studio debate at the water cooler remains about design, but in a different economic climate:

what effect would the public sector cuts have on commercial architecture?

where would the world be after CABE?

and is our lime hemp wall design carbon negative?

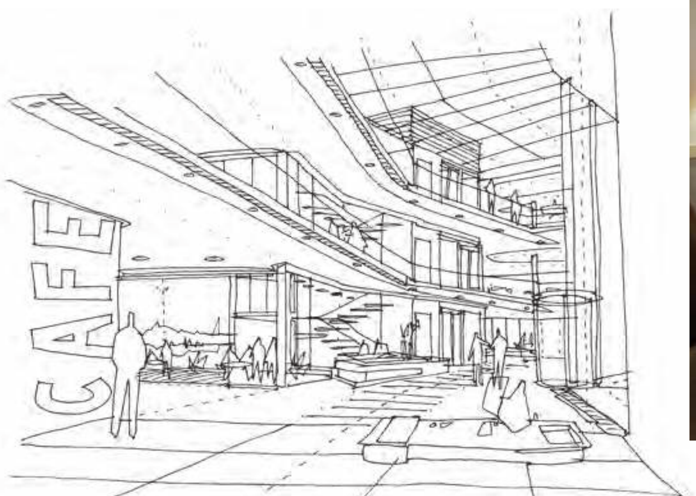
Studio meetings, masterclasses, design reviews, softball matches, photographic competitions, sharing information and inspiration are as important to us as our Clients' aspirations and the financial success of projects.

imagine.

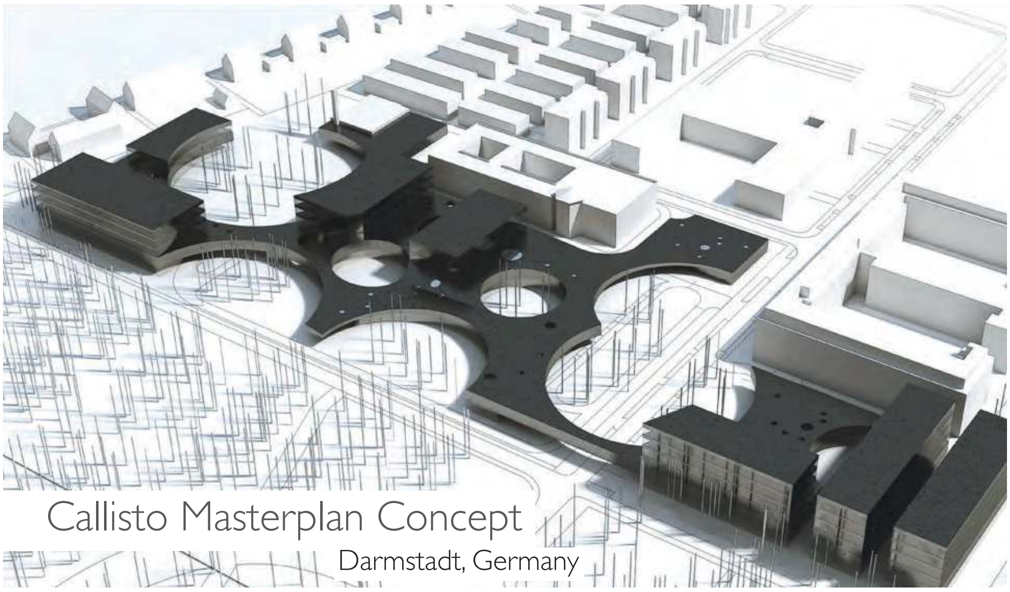
current portfolio


Sustainable Stores
Concept Design


3 St James
Jarrold, Norwich


Office Development
Concept Design


Metropole Lounge
Hilton Cardiff


Callisto Masterplan Concept
Darmstadt, Germany

Southampton
Solent University
Masterplan Concept

Crowne Plaza Hotel
Heythrop Park, Oxfordshire

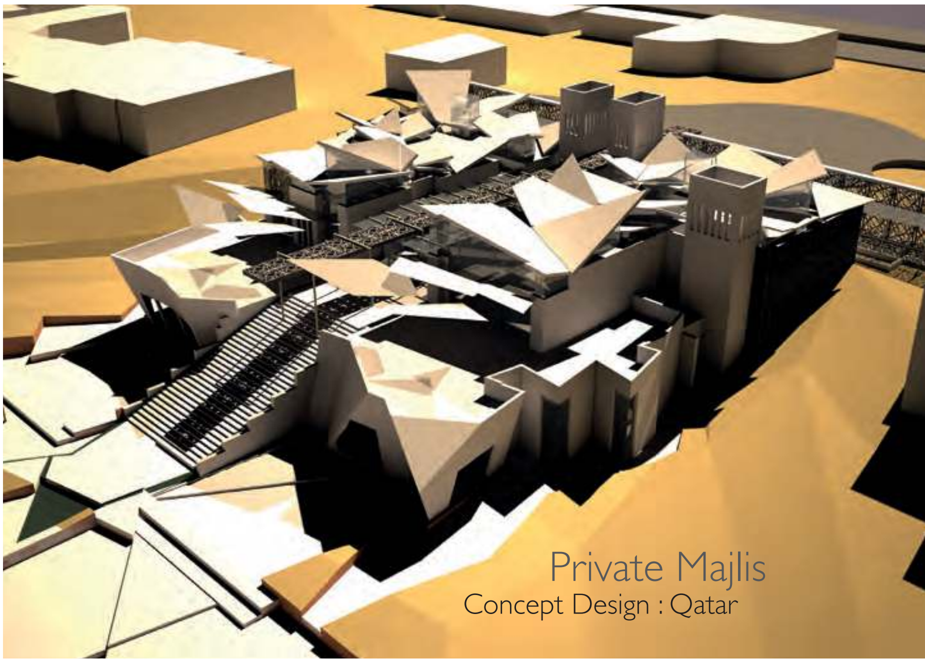
Kabaty Residential Development
Warsaw

Concept Design
Zelivka, Czech Republic

create.

design.

IT Park Ostrava
Concept Design : Czech Republic



Private Majlis
Concept Design : Qatar

Focus on Russia

by Mikhail Mandrigin, Director of the Moscow Studio

The practice first entered the Russian market in 1989 to design the British & Soviet Trade Centre - the brainchild of Mikhail Gorbachov and Mrs Thatcher.

That project was never built, but opened a lot of doors for Mikhail Mandrigin, who set up the permanent studio in Moscow in 1994 . . .

Corinthia Nevsky Palace Hotel, St Petersburg

5* hotel located within a World Heritage Site

The project has been awarded the 2010 Five Star Diamond Award by AAHS, naming it the best five star hotel in the Russian Federation.


British & Soviet Trade Centre

Since then, the Moscow studio has both sustained its local prescence and developed this key market for the group. The studio has been responsible for many high profile projects in the office and hotel sectors: in particular the Usadba Centre in Moscow and more recently the Corinthia Nevsky Palace Hotel in St Petersburg, winner of the 2010 AAHS Five Star Diamond Award.

The studio's work is predominantly for major Russian property developers and international clients including Reuters, HSBC and London and Regional.

Olympiisky Radisson, Moscow

125m high, 80,000m^2 hotel and office development

our moscow studio

Current work   Potential projects

From its Moscow base, the Russian studio undertakes projects, not only in the two capital cities, but across Russia and in adjoining countries including Ukraine and Kazakhstan.

The current upturn in the studio's workload is primarily associated with the hospitality sector. We are currently designing new hotels in Kransnoyarsk and Kazan, and masterplanning a major resort development in the Sochi area

. . . in time for the 2014 Winter Olympics

4* Hotel, Siberia

200-key hotel in the main square of Krasnoyarsk

Alcon Office Complex, Moscow

Work progressing despite the heavy snowfall on the 100,000m^2 Alcon office complex

directors

Tim Hodgson (Non-Executive Chairman) * +

FRICS Aged 61

Tim joined Aukett Fitzroy Robinson in May 2008 as Chairman. He was formerly Group Chief Operating Officer of DTZ, a major global property adviser. He is a Fellow of the Royal Institution of Chartered Surveyors and, during his 30 year career at DTZ, held a number of senior UK and Group Management positions. Prior to joining DTZ he spent 10 years working in the public sector.

Nicholas Thompson (Chief Executive Officer)

BSc MBA ACMA Aged 56

Nicholas was appointed Chief Executive Officer in 2005 following the group's merger with Fitzroy Robinson where he previously held the post of Managing Director. He joined Fitzroy Robinson in 1994 as its Finance Director, having been Deputy Group Finance Director of DTZ following its merger with Bernard Thorpe in 1993. He trained as a chartered management accountant, and has a business degree from Bath University and an MBA from City University. He is a member of the Cass MBA Advisory Board.

Duncan Harper (Group Finance Director & Company Secretary)

BA ACA Aged 38

Duncan joined Aukett Fitzroy Robinson in 2007. He qualified as a chartered accountant with Coopers & Lybrand in 1996, leaving in 2000 to join Avesco. He initially joined Avesco as their Group Financial Controller and was subsequently promoted and transferred to North America as the Chief Operating and Financial Officer of their largest division. He returned from North America in 2005 and then joined venture capital backed Connect Mortgages as their Finance Director. He has an economics degree from the University of Nottingham.

Anthony Simmonds (Non-Executive Director) * +

FCA Aged 66

Anthony joined Aukett Fitzroy Robinson as a Non-Executive Director in June 2009. He is a qualified chartered accountant and former senior partner of a top 50 accountancy practice. He has had many years' experience in dealing with quoted public companies on a professional basis including advising on initial introductions to the market. He has held a number of executive and non-executive positions.

John Vincent (UK Managing Director)

DipArch RIBA Aged 64

John is a qualified architect who joined Fitzroy Robinson in 1980. He has been Managing Director of the group's UK operations since 2005 and was appointed to the board in November 2010. Within his many years of architectural experience, John has designed and delivered buildings in the City and West End of London and in Germany, Hungary, the Middle East and nationally in the UK. His most recent building won the 2010 British Council of Offices Regional Award for Best Refurbished Workspace in London and the South East, and gained an environmental BREEAM Excellent rating. John's first BREEAM Excellent rating was secured in 1996 for the headquarters of Barclaycard.

Board committees

* Members of the audit committee chaired by Anthony Simmonds
\+ Members of the remuneration committee chaired by Tim Hodgson
\# Members of the nomination committee chaired by Tim Hodgson

chairman's statement

As we anticipated, 2009/10 proved to be a further year of uncertainty, principally due to the significant falls in construction activity and demand for related professional services in the real economies in which the group operates. In spite of this extremely hostile trading environment your company has further demonstrated its durability, sustainability and resilience.

The primary focus of the board and the management team has remained: the maintenance of our financial stability and the delivery capability of our businesses in the United Kingdom, Continental Europe, Russia and the Middle East; to navigate through the current difficulties; and position the group to take full advantage as conditions improve. There are encouraging signs that despite the adverse market, the group's competitive position has improved in a number of key areas such as Central London and international ranking amongst UK peers.

Although the group reports a pre tax loss of £789,000 this represents a considerable improvement in the position over 2008/09 (loss of £1,876,000) and includes further restructuring costs as the business has adjusted its capacity to the reduced demand for its services. Within the same period the group generated £1,544,000 of net cash inflows before financing to return it to a net funds position of £139,000 (2009: net debt of £1,393,000). I said in my statement last year that success in the current market is measured in relative terms and while no business can be satisfied at making a loss, the impact of earlier cost reduction measures and the positive cash position will provide a sound trading platform for the future.

It is often the case in times of uncertainty that there is a flight to quality and this has been evident in the case of a number of significant recent appointments that we have secured, particularly, but not exclusively, in Central London. The quantity of opportunities remains at a low level but the quality of projects and the frequency of our success in securing new projects is testament to the strength of the Aukett Fitzroy Robinson brand. As a consequence we have seen the total construction value of our forward order book of schemes in excess of £10m improve to £2.3bn.

The success of any professional services business is largely determined by the quality of its personnel. We remain indebted to our management and professional teams who, despite the difficulties in the market, continue to demonstrate exemplary dedication and commitment, and whose skills and creative qualities lie at the heart of our brand.

Although we see encouraging signs of recovery in some areas of our markets we remain of the view that it will be 2012 at the earliest before any material improvement is evident on a wider basis and management will consequently maintain its cautious outlook with careful control of costs. However, with a sound financial base, a quality brand, a substantial order book and a first rate workforce, the group is in good health and the key components for the short term sustainability and the medium term expansion and development of the business are firmly in place.

Tim Hodgson
Chairman

1 February 2011

British Council for Offices Awards 2010 WINNER REGIONAL

Regional Winner of the 2010 BCO Award for Best Refurbished / Recycled Workplace (London / South East)

SW1

50 Queen Anne's Gate, London

Five year summary

Years ending 30 September	2010 IFRS £'000	2009 IFRS £'000	2008 IFRS £'000	2007 IFRS £'000	2006 UK GAAP £'000
Revenue	7,920	14,948	22,598	19,748	16,284
(Loss) / profit before income tax	(789)	(1,876)	2,415	2,388	786
(Losses) / earnings per share (pence)	(0.40)	(0.97)	1.19	1.08	0.45
Dividends per share (pence)	-	0.11	0.10	0.20	-
Net assets	3,804	4,389	5,913	4,241	2,966
Net funds / (debt)	139	(1,393)	410	1,694	(180)

The figures for 2006 are stated in accordance with United Kingdom Accounting Standards (UK GAAP) as it is not practical to restate the figures to conform with International Financial Reporting Standards (IFRS). On conversion from UK GAAP to IFRS on 1 October 2006 adjustments were made in respect of goodwill amortisation, staff holiday entitlement accruals and deferred tax on unremitted overseas earnings.

Corporate information

Registrars	Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DD
Nominated adviser and broker	FinnCap, 60 New Broad Street, London EC2M 1JJ
Auditors	BDO LLP, 55 Baker Street, London W1U 7EU
Bankers	Coutts & Co, 440 Strand, London WC2R 0QS
Financial public relations	Hermes Financial Public Relations, 5 Cornfield Terrace, Eastbourne, East Sussex, BN21 4NN
Solicitors	Laytons, Tempus Court, Onslow Street, Guildford, Surrey, GU1 4SS
Company secretary	Duncan Harper, cosec@aukettfitzroyrobinson.com
Registered number	England & Wales 2155571
Registered office	36-40 York Way, London N1 9AB
Website	www.aukettfitzroyrobinson.com

Directors' report - Chief Executive Officer's report

Construction industry reports confirm that 2010 was another year of declining activity in the sectors and geographies in which we operate. The UK, in particular, felt the effects of this contraction in activity levels with further decline in construction output of 4% on top of the 23% fall in 2009. Against this background the group continues to see its revenues fall.

At the same time, however, we have considerably improved both the quality and value of our order book and have eliminated our net debt position. These are not inconsiderable achievements given the economic circumstances.

Our pre tax losses for the year reduced by a creditable 58% to £789,000 (2009: loss of £1,876,000). This improved performance was led by cost reductions and recoveries being achieved more quickly than the decline in revenues. Revenues fell by just under fifty percent and reflect a significant slow-down in both the Russian and Middle Eastern markets and our revenue from those operations. The UK and Continental Europe revenues were more stable.

On a positive note our order book of schemes over £10m has increased by seven to twenty seven schemes with a total construction value of £2.3bn. Of these, nine schemes with a construction value of £261m are now proceeding. Four (£96m) are at the feasibility stage, three (£90m) are instructed to planning submission and two (£75m) will start on site in 2011. If instructed to completion the balance of fees attaching to these twenty seven projects total £85m (2009: £80m).

We continue to be instructed by Land Securities, HSBC, Macquarie Bank, PRUPIM, Grosvenor Estates, Imperial College, GE, Tishman Speyer, London & Regional and many other well-known organisations.

Overall we believe that our performance has been creditable given the negative environment in which we have been operating over the past twelve months.

Summary of results

Group revenues for the year were £7,920,000 (2009: £14,948,000).

The loss before tax in the second half of £490,000 was higher than the first half loss of £299,000 principally due to the cost of holding teams in our key operating locations. This was an expedient action in order to safeguard our order book and prospects of being invited to bid for new projects as they arise.

Since our last report in June we have continued to successfully recover outstanding fee balances on projects that either went on hold or were subject to some form of formal collection activity. We have now returned to a net funds position of £139,000 (2009: net debt of £1,393,000), having generated £1,544,000 of net cash inflows before financing during the year.

Review of operations

Whilst the European commercial construction market has contracted we have continued to retain a core of skilled architects and designers across our network of offices. This is to ensure that we can service our existing client base and remain competitive in securing new commissions as they come to the market; the ability to resource projects with appropriate design skills being a key client requirement. This strategy has consequences for both short-term operating performance and cash leakage as evidenced by the second six months result where revenue slipped by some £242,000 but only £51,000 was achieved in cost reductions.

UK revenue at £6,210,000 (2009: £10,094,000) is 38% down on the previous year, however, losses are sharply down at £209,000 (2009: £3,009,000) reflecting a significant rebalancing of the operational cost model which is now more closely aligned with anticipated levels of future revenue. The UK figures include those of the Middle East due to such projects being mainly resourced from London. Excluding the Middle East work the UK performed well against the decline in project enquiries by winning more than its share of market opportunities and achieving 95% of prior year revenues, broadly in line with market activity. The fall in Middle East income made up the bulk of the reduction in revenues and reflected the financial problems in Dubai affecting our key Abu Dhabi market.

A number of projects were completed during the year including the £100m refurbishment of Queen Anne's Gate for Land Securities, a project we originally completed in 1972; and a new headquarter building for NAPP Pharmaceuticals (£50m) in Cambridge. Both of these projects won British Council of Offices regional awards. Additionally, the first non-City located Crowne Plaza hotel was completed at Heythrop Park, Oxfordshire for the Firoka Group and was opened by the Prime Minister.

The first phase of a 1m sq ft site in West London that we master-planned for Imperial College has commenced with planning consent received (in 9 months) for a 600 bed post graduate accommodation facility. We have started work on the £150m refurbishment of 123 Victoria Street for Land Securities and completed the pre-tender and site phase for BAM Construction on a 250,000 sq ft office development in London through our executive architecture arm – Veretec.

We were delighted to have been appointed by GE to breathe new life into the iconic Ark building on the Great West Road, Hammersmith. An extension to a retail department store along with an adjacent new office block was completed for Fenwick in Bond Street. Other projects included the site phase for a new sustainable Marks & Spencer store in Cheshire, a research facility for Vestas on the Isle of Wight, a new building for the National Air Traffic Service in Bournemouth and the interior design for a Radisson Edwardian hotel in Guildford.

Since the year end we have been appointed on projects in London's West End by the Grosvenor Estate, Great Portland Estates, PRUPIM, and The Royal College of Surgeons.

The Russian market experienced a major market retrenchment as projects were suspended. In 2009 a significant number of development companies were taken over by their funding bank with the consequent delay and reduction in project opportunities. Those projects that were eventually commissioned were the subject of considerable fee discounting, by up to half previous rates. As we did not follow this practice our revenues continued to fall. Revenues fell by 88% to £408,000 (2009: £3,506,000) with a loss being an inevitable consequence: £669,000 (2009: profit of £1,249,000). This loss accounted for 85% of the group's result. In recent months we have successfully bid on a number of new projects, across Russia, at normal commercial rates, which should reverse the position in 2011.

Our two offices in Continental Europe in Poland and Czech Republic experienced different market conditions. In Poland GDP has risen but construction reflected only a small proportion of this improvement. In the Czech Republic there was a moratorium on government spending and a consequent contraction in building work generally. However, revenues from these operations fell only marginally to £1,302,000 (2009: £1,348,000) and through early management action on costs, pre tax losses were reduced to only £5,000 (2009: loss of £207,000). Projects include a roll out of HSBC retail units, a fit-out for Microsoft and new instructions from Aqua Bank.

Our joint ventures in Germany enjoyed continuing success with our share of the profit after tax being £94,000 (2009: £91,000). Since the year end we have been appointed by Macquarie Bank for an office fit-out in Frankfurt.

People

For a second year we extend our considerable thanks to all of our staff who have endured continuing financial restraint in terms of remuneration and reduced working time in order that we might retain our core architectural design and administration skills.

The Directors are aware of the personal hardship this has caused and are cognisant of the need to restore individual positions as quickly as the economics allow.

Shortly after the year end two non-executive directors retired from the board. Both will continue to work with the group. Raul Curiel who was formerly Chairman of Fitzroy Robinson, and European Managing Director of Aukett Fitzroy Robinson, prior to moving to a non-executive role, is to become a consultant and will assist in both our European marketing and overseas expansion plans. Lutz Heese continues as our joint venture partner in Germany and stands down after six years as a non-executive director of the company.

The board wishes to express its considerable gratitude and thanks to both Raul and Lutz for their wise counsel and the enlightened thoughts that they brought to the board.

John Vincent, Managing Director of the UK operation has joined the board as an executive director. John is an expert in sustainable buildings having completed the BREEAM excellent Barclaycard HQ in 1996 - one of the first of its kind, and more recently led the team on the Queens Anne's Gate project also rated BREEAM excellent.

Corporate strategy

In 2010 we have concentrated our efforts in those markets that have exhibited resilience to the downturn in commercial development. This has resulted in a number of new instructions in London. Regional opportunities in the UK have been limited due to the lack of available funding and both commercial and residential clients returning to the more lucrative London market.

Illustrating this point we have projects in the capital from: Imperial College in West London, a masterplan for a private college in Kensington; a major refurbishment in Victoria; a new masterplan in Mayfair; an office re-modelling in Berkeley Square; a re-development in Covent Garden; a redevelopment of an office block in the City and we continue to assist a client with tenant presentations at The Royals in East London. Our track record in gaining planning consents has contributed greatly to this success.

We remain committed to both Russia and the Middle East and have maintained key staff in both regions. Vindication of this decision has been seen in an increase in bidding opportunities across Russia particularly in the hotel sector, and we anticipate further commercial opportunities in the Middle East in the latter half of 2011 as funding returns to the UAE commercial market.

We continue to apply limited resources to those market sectors and geographies that we believe may benefit the group in the longer term.

Summary

We have started to see positive signs of recovery in the commercial development markets in which we operate but the rate of project enquiry remains subdued as does the pace at which projects, once commissioned, actually progress. Our current business model has been adapted to accommodate these changed circumstances which we believe will continue in the medium term.

During the forthcoming period we will continue to deliver projects for our clients to exacting standards and concentrate on the quality of our international order book in order to ensure that we can maximise our performance as the recovery gains momentum.

Nicholas Thompson
Chief Executive Officer

1 February 2011

Directors' report - Group Finance Director's report

Introduction

The group has endured a second difficult financial year as a result of the impact of the current global economic circumstances on the property sectors throughout the geographic areas in which the group operates.

Property has been one of the sectors most significantly affected, and as the group focuses primarily on private sector commercial projects, it has not been cushioned by government projects, which until recently had been relatively unaffected.

The commentary below, structured around key performance indicators, explains how we have made substantial efforts to reduce the cost base of the group as revenues have fallen, whilst attempting to ensure the group is suitably positioned to benefit from future improvements in activity in the property sector.

Revenue

Key performance indicator	2010 £'000	2009 £'000	2008 £'000
Revenue less sub consultant costs	6,842	11,080	16,975

Revenue less sub consultant costs are as shown in the income statement.

For projects located within the United Kingdom the group usually provides only its core architectural and / or interior design services, whereas for projects located outside the UK the group usually acts as general designer and utilises sub consultants to provide additional design services such as structural and mechanical engineering.

A key performance indicator used within the group is revenue less sub consultant costs which reflects the revenue generated by our own staff but excludes the revenue attributable to sub consultants.

The historical core business of the group comprising projects based in the UK stabilised during the year with only minor reduction in revenue from the previous year. This reflects our focus on blue chip developers and owner occupiers who are less reliant on debt for financing and who are able to continue to take longer term decisions.

Our businesses in Russia and the Middle East (which to date has primarily been resourced from the UK) both suffered from very significant reductions in project activity.

Operating costs

Key performance indicator	2010 £'000	2009 £'000	2008 £'000
Operating costs	7,725	13,047	14,597

Operating costs comprise personnel relates costs, office related costs and other operating expenses net of other operating income and net finance income as shown in the income statement.

People based professional services businesses such as ours inherently have a relatively high level of operational gearing through staffing and property costs which make it difficult to reduce costs quickly enough to avoid losses when faced with sharp falls in revenue.

The significant reduction in operating costs we have achieved over the past two years has primarily been the result of:

- Reducing to virtually none the number of temporary agency staff who were used to cope with the previous high levels of activity prior to the economic recession;
- Some permanent members of staff at all grade levels leaving the business;
- Temporary pay reductions, benefit waivers and reduced working hours agreed by members of staff; and
- Cutting back discretionary spending and support functions.

Further cuts in operating costs will be difficult to achieve without adversely affecting the geographical spread of the business, and its service capability on which the group depends to win new projects.

Project working capital

Key performance indicators	2010 £'000	2009 £'000	2008 £'000
Trade receivables	1,968	7,040	7,627
Amounts due from customers	1,043	1,660	2,038
Amounts received from customers	(383)	(2,465)	(2,706)
Project working capital	2,628	6,235	6,959
Revenue	7,920	14,948	22,598
Project working capital days	121	152	112

Project working capital days are calculated as project working capital (shown in notes 17 and 18 to the financial statements) divided by revenue for the year (as shown in the income statement) times 365.

Project working capital comprises unpaid amounts invoiced to clients for progress billings plus / less amounts due from / received from clients for contract work. Amounts due from / received from clients for contract work reflect the extent to which revenue recognised exceeds or falls short of progress billings.

During the year we have been successful in recovering a number of overdue working capital balances which has reduced the project working capital days in spite of the fall in revenue.

The project payment arrangements under which the group operates vary significantly by geographical location:

- In the United Kingdom and Continental Europe it is usual to agree in advance with the client at the start of a project a monthly billing schedule which generally leads to relatively low levels of amounts due from customers for contract work;
- In the Middle East it is also usual to bill clients monthly, but the value of the monthly invoices is dependant upon demonstrating specific progress from the work performed, which generally leads to higher levels of amounts due from customers for contract work; and
- In Russia it is usual for the project to be divided into work stages. At the start of each stage a deposit is received from the client but no further amounts are received until the stage is fully completed.

The group closely monitors levels of trade receivables and work in progress, and as explained in note 2 to the financial statements, has specific policies and procedures in place to seek to minimise the risks of non recovery.

Employee costs

Key performance indicator	2010 £	2009 £	2008 £
Average cost per employee	32,781	40,759	40,162

Average cost per employee is calculated as the total cost of employment divided by the average number of employees (both as shown in note 6 to the financial statements).

The cost per employee key performance indicator above includes only the payroll costs of employees. The personnel related costs shown on the face of the income statement includes the cost of agency staff together with other staff related costs such as employee benefits and recruitment fees.

The average cost per employee rose slightly from 2008 to 2009 reflecting firstly the change in grade mix as the number of staff redundancies was proportionally greater at more junior levels that year and secondly the cost of the redundancies.

The average cost per employee fell sharply by 20% from 2009 to 2010 reflecting the temporary pay reductions, benefit waivers and reduced working hours agreed by staff, lower redundancy costs, and the departure of some senior staff at the start of the financial year.

Taxation

The group's effective rate of tax was 27% (2009: 24%).

The group's effective tax rate is similar to the standard United Kingdom tax rate of 28% since the level of non deductable items (such as client entertaining expenses) is generally low, and the effective rate of tax on the overseas earnings of the Russian operation is 28% (including withholding tax on dividends).

During the year the group collected significant tax repayments in the United Kingdom and the Czech Republic as a result of carrying back tax losses to previous years and recovering advance tax payments. These repayments exceeded tax paid in Russia and lead to an overall net cash inflow from taxation of £410,000 (2009: net cash outflow of £385,000).

The group has a policy of remitting overseas earnings, in excess of the working capital needs of its overseas operations, back to the United Kingdom.

The group expects to continue to pay taxes in Russia in the forthcoming year, but as shown in note 22 to the financial statements, the group has carried forward tax losses to offset some future United Kingdom profits.

The Middle East business operates as a branch of a United Kingdom legal entity and as such is fully subject to United Kingdom taxation even though the Emirate of Abu Dhabi, where the branch is based, does not levy taxes on corporate profits.

Cash flows

The group's consolidated statement of cash flows is shown on page 34. During the year the group's net cash position improved by £1,331,000 excluding currency translation differences (2009: worsened by £1,828,000). The principal components of this improvement were:

- Cash generation from operations of £977,000 as operating losses were reduced and a number of historic debts were collected.
- The group received a net repayment of taxation of £410,000 as explained above; and
- The group continued to make its scheduled bank loan and asset finance repayments which lead to a cash outflow from financing activities of £213,000.

The group incurred £20,000 of capital expenditure during the year. The majority of the £433,000 capital expenditure incurred in the previous financial year related to the relocation of the group's London operations to a single new studio.

Capital structure

Key performance indicators	2010 £'000	2009 £'000	2008 £'000
Net funds / (debt)	139	(1,393)	410
Total equity	3,804	4,389	5,913
Net gearing	Nil	32%	Nil

Net funds / (debt) are as shown in note 27 to the financial statements. Total equity is as shown in the statement of financial position. Gearing is calculated as net funds / (debt) divided by total equity.

The group's debt comprises a ten year amortising bank loan, asset finance arrangements and bank overdraft facility.

Capital comprises the equity attributable to equity holders of the company as shown in the statement of financial position.

In keeping the capital structure of the group under review, the directors seek to balance the need to ensure adequate flexibility and liquidity, the finite need for cash reserves, the nature of the business, and its relatively low level of physical assets, meaning the group is not suitable for high levels of gearing.

The company has suspended payment of dividends to conserve cash during the current difficult economic circumstances. The last dividend payment was in March 2009 which was a final dividend for the year ended 30 September 2008.

The intention of the directors is to return to pursuing a policy of regular progressive dividend distributions, taking into account the profits of the group and the capital structure policy outlined above, once economic circumstances allow.

There were no changes in the objectives, policies or processes for managing capital during the year.

Foreign currencies

The group's operations generally contract with clients in the functional currency of the operation, reducing foreign currency exposure.

Where the contracts are denominated in other currencies (such as the Middle East projects resourced from the United Kingdom) the group does not hedge forward revenues due to the rights of clients to delay or cancel projects.

Duncan Harper
Group Finance Director

1 February 2011

Directors' report - Other information

Principal activities

The group provides integrated professional design services specialising in architecture, masterplanning, landscape and urban design, space planning and interior design.

Results and dividends

The results of the group for the year are set out in the consolidated income statement on page 31. A review of the group's business activities during the year and the expected future developments are contained within the Chief Executive Officer's report and the Group Finance Director's report sections of the directors' report.

The directors are not proposing the payment of any dividends in respect of the year ended 30 September 2010.

Business review

The business review comprises:

- The review of the group's operations contained within the Chief Executive Officer's report and the Group Finance Director's report sections of the directors' report; and
- The analysis using key financial performance indicators contained within the Group Finance Director's report section of the directors' report; and
- The description of the principal risks and uncertainties facing the group shown below.

Additional information concerning the risks relating to financial instruments is given in notes 28 to 32 to the financial statements.

Principal risks and uncertainties

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

Economic environment

The deterioration in the global economic environment is having a significant impact on the property industry in the United Kingdom from where the group has historically derived the majority of its revenues.

Due to difficulties in obtaining 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 group's revenue and its profits, since like any people based business it has costs which are fixed in the short and / or medium term.

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

In addition the worsening economic environment generates pricing pressure through increased competition for projects between 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.

The group'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 to complete the projects.
- Continue to focus on matching staff resources to fee paying projects and reducing headcount and other costs where necessary.

The economic environment also affects the risks related to recoverability of trade and other receivables as explained in notes 2 and 30 to the financial statements.

Funding

In common with other professional services businesses, the group 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.

In 2009 the group incurred net cash outflows from operating activities due to the operating losses incurred and the longer working capital cycles for Middle Eastern projects. This net cash outflow was principally funded though a combination of use of the group's cash balances and partial drawdown of the group's overdraft facility.

However, during 2010, as explained in the cash flows section of the Group Finance Director's report, the group generated significant net cash inflow from operating activities. As a result the group ended the year with significant cash balances and a modest net funds position.

The group's principal bankers have been supportive during the economic downturn and again in January 2011 relaxed the covenants on the group's bank loan and renewed its overdraft facilities for a further year.

The directors seek to ensure that the group retains appropriate headroom within its funding arrangements and regularly monitors this headroom on an ongoing basis.

Overseas diversification

The group continues to derive a proportion of its revenues from projects located outside the United Kingdom, which in turn exposes the group to the economic environments of those locations.

Building regulations, working practices and contractual arrangements often differ in these overseas locations when compared to the United Kingdom. To mitigate these risks:

- The group's Continental Europe and Russian operations are managed and staffed locally by nationals of the relevant countries with oversight from group management.
- The group seeks to work for the larger and more established domestic property developers who themselves often have significant international experience.
- When acting as general designer for projects located outside the United Kingdom the group always seeks to appoint sub consultants with an established and successful track record on similar projects.
- Within the boundaries imposed by local laws and commercial constraints, the group seeks to structure contractual arrangements with clients and sub consultants to minimise the significant contractual risks which can arise.

Quality of technical delivery

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

The group seeks to minimise these risks by 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 group's principal operations are registered under ISO 9001 which reflects the quality of the internal systems under which we work.

The group also maintains professional indemnity insurance in respect of these risks but is exposed to the cost of excess deductibles on any successful claims.

Claims for additional fees

The nature of the project work undertaken by the group sometimes means the scale and scope of a project increases after work has commenced. The group's preferred approach to managing this risk is to agree fees with clients as a percentage of the construction value of the project, which automatically adjusts our fees if a project should grow.

However, to increase their cost certainty at the outset of the project, some clients prefer to negotiate fixed fees for a set scale and scope of work. Subsequent changes to the scale and scope of such work requires negotiation with the clients for variations.

The group endeavours to manage the risk implicit in such fixed fee arrangements by having clauses covering variations included in the contracts and by agreeing variation fees with clients before the variation work is undertaken.

Advance agreement of the quantum of variation fees is not always possible, in particular when the timescale for project completion is changed or where the cost of variations cannot be determined until the work has been undertaken. In such circumstances the directors limit the revenue recognised to the amounts they believe to be both recoverable, and capable of reliable measurement, taking into account all the relevant circumstances of the individual project and client.

Environmental policy

The group promotes wherever possible a 'green' and ecologically sound policy in all its work, but always takes into account the considerable pressures of budget, commercial constraints and client preferences. We believe that design and construction should promote sustainable development (ie development which meets the needs of the present without compromising the ability of future generations to meet their own needs).

We believe ourselves to be at the forefront of sustainability amongst our peers which is demonstrated by our track record in achieving 36 'Excellent' or 'Very Good' BREEAM (Building Research Establishment Environmental Assessment Method) ratings awarded to buildings designed by the group.

Payment of suppliers

The group does not follow any specified code or standard on payment practice. However, it does endeavour to ensure that all payments are made within mutually agreed credit terms. In cases where disputes arise, efforts are made to resolve these promptly and amicably to minimise delays in payment.

The company's outstanding trade payables at 30 September 2010 represented 6 days purchases (2009: 47 days).

Employees

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

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

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

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

Health and safety

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

The group has established a heath and safety steering committee chaired by one of the directors to guide the group's health and safety policies and activities. Health and safety is included on the agenda of each board meeting.

Group policies on health and safety are regularly reviewed and revised, and are made available on the group wide intranet for the use of all employees. Appropriate training for employees is provided on a periodic basis.

Political and charitable donations

During the year, the group made charitable donations of £nil (2009: £20). As a matter of policy the group does not make political donations.

Directors and their interests

Biographical details of the current directors are set out on page 14.

Raul Curiel and Lutz Heese retired on 15 November 2010. John Vincent was appointed on 15 November 2010.

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

Number of Ordinary shares	30 September 2010	1 October 2009
Tim Hodgson	-	-
Nicholas Thompson	16,102,411	16,202,411
Duncan Harper	181,818	181,818
Raul Curiel	9,240,018	9,240,018
Lutz Heese	-	-
Anthony Simmonds	-	-
John Vincent	5,791,394	5,791,394

None of the directors had any options over the shares of the company.

There have been no changes in the interests of current directors since 30 September 2010.

Resolutions to re-elect Duncan Harper and to elect John Vincent as directors of the company will be proposed at the annual general meeting.

The company maintains directors and officers liability insurance for the benefit of the directors.

Executive directors

The company's policy is to offer service agreements to executive directors with notice periods of not more than twelve months. All executive directors have rolling service contracts with the company which are subject to twelve months notice of termination by either party.

The remuneration packages of executive directors comprises basic salary, car allowance, contributions to defined contribution pension arrangements, annual bonus and benefits in kind such as medical expenses insurance.

The executive directors have not received an annual bonus for the past three years.

Non-executive directors

The non-executive directors do not have service contracts with the company, but the appointment of each is recorded in writing. Their remuneration is determined by the board within the limits set by the company's articles of association. Non-executive directors do not receive any benefits in kind and are not eligible for bonuses or participation in either the share option schemes or pension arrangements. The only exception to this was Raul Curiel who retained his medical expenses insurance from his time as an executive director.

Remuneration waivers

Reflecting the difficult economic circumstances faced by the business the executive directors have voluntarily waived the following remuneration:

Year	Period	Waiver
2008 / 2009	April 2009 - September 2009	All employer pension contributions
	May 2009 - September 2009	All car allowances
2009 / 2010	October 2009	Whole of salary
	November 2009 - September 2010	10% of salary
	October 2009 - September 2010	All employer pension contributions
	October 2009 - September 2010	All car allowances
2010 / 2011	October 2010 - September 2011	Nicholas Thompson 15% of salary Duncan Harper 15% of salary John Vincent 13% of salary
	October 2010 - September 2011	All employers pension contributions
	October 2010 - September 2011	All car allowances

During the year ended 30 September 2010 two of the four non-executive directors waived 10% of their remuneration. All of the non-executive directors have waived 20% of their remuneration for the year ending 30 September 2011.

Share price

The mid market closing price of the shares of the company at 30 September 2010 was 3.75 pence and the range of mid market closing prices of the shares during the year was between 5.50 pence and 2.12 pence.

Share capital

There have been no movements in the share capital of the company during the year.

The board is seeking from shareholders at the annual general meeting renewal of its authority to allot equity securities. The authority would allow the board to allot securities up to a maximum aggregate nominal value of £493,813 (representing approximately 34% of the issued share capital of the company).

A resolution will also be put to the annual general meeting in respect of the issue of equity securities for cash up to an aggregate nominal amount of £145,619 representing 10% of the issued share capital, without first offering such shares to shareholders. The directors consider this authority desirable as it will give them the flexibility to make small issues of ordinary shares for cash if suitable opportunities arise without the necessity of first seeking shareholders' approval.

The renewed authorities will expire at the conclusion of the next annual general meeting of the company when it is intended that the directors will again seek their renewal.

Substantial shareholdings

At 1 February 2011 the company had been informed of the following notifiable interests of three per cent or more in its share capital.

Shareholder	Notes	Number of Ordinary shares	Percentage of Ordinary shares
Nicholas Thompson	Director of the company	16,102,411	11.1%
Andrew Murdoch	Employee of the group	13,478,486	9.3%
Jeremy Blake	Former employee of the group	13,030,638	8.9%
Stephen Atkinson	Employee of the group	11,477,712	7.9%
Imagina Management SL	Controlled by a former director of the company	9,515,192	6.5%
Raul Curiel	Former director of the company	9,240,018	6.3%
River & Mercantile Long Term Recovery Fund		7,450,000	5.1%
John Vincent	Director of the company	5,791,394	4.0%

Going concern basis

The financial statements have been prepared on a going concern basis. The processes the directors have undertaken, and the reasons for the conclusions they have reached, regarding the applicability of a going concern basis are set out in note 1 to the financial statements.

The board, after making enquiries, have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason the board considers it appropriate to prepare the financial statements on a going concern basis.

Auditor

A resolution to appoint BDO LLP as auditor will be put to members at the annual general meeting.

Disclosure of information to auditor

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

- So far as they are aware, there is no relevant audit information of which the auditor is unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Corporate governance

The board is accountable to the shareholders for good corporate governance of the group. The principles of corporate governance and a code of best practice are set out in the UK Corporate Governance Code issued in June 2010 by the Financial Reporting Council. Although under the rules of the Alternative Investment Market, the company is not required to comply in full with the code nor state any areas in which it does not comply, the board has taken steps to comply with the requirements of the code in so far as is reasonably practicable for a company of this size. In doing this the board has considered the Corporate Governance Guidelines for Smaller Quoted Companies published in September 2010 by the Quoted Companies Alliance.

Board of directors

The company is headed by a board of directors which leads and controls the group. The board currently comprises three executive directors and two non-executive directors who bring a wide range of experience and skills to the company. As chairman, Tim Hodgson is the senior non-executive director.

The board considers both Tim Hodgson and Anthony Simmonds to be independent non-executive directors.

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

Audit committee

The audit committee comprises the two non-executive directors and is chaired by Anthony Simmonds. It meets at least twice a year with the external auditor, with the Group Finance Director and the Chief Executive Officer attending by invitation. If appropriate, the external auditor attends part of each committee meeting without the presence of the Group Finance Director or the Chief Executive Officer for independent discussions.

The chairman of the audit committee reports to the board on matters discussed at the committee meetings. A formal statement of independence is received from the external auditor each year.

Remuneration committee

The remuneration committee comprises the two non-executive directors and is chaired by Tim Hodgson. No director plays a part in any discussion about their own remuneration.

The committee meets as and when appropriate during the year and is responsible for determining all aspects of the executive directors' remuneration, including share options, and the terms and conditions of their service contracts. Where appropriate the committee consults the Chief Executive Officer about its proposals.

Nomination committee

The nomination committee comprises the two non-executive directors and the Chief Executive Officer. It is chaired by Tim Hodgson and is responsible for nominating new candidates for the Board. Formal selection criteria are agreed in advance of any new appointment.

Internal controls

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

By order of the board

Duncan Harper
Company Secretary

Aukett Fitzroy Robinson Group Plc
Registered number 2155571

1 February 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. Under that law the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS adopted by the European Union, 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 group and the company will continue in business;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent auditor's report to the members of Aukett Fitzroy Robinson Group Plc

We have audited the financial statements of Aukett Fitzroy Robinson Group plc for the year ended 30 September 2010 which comprise the consolidated and company statement of financial position, the consolidated income statement, consolidated statement of comprehensive income, the consolidated and company statement of cash flows, the group and company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nicholas Carter-Pegg (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom
1 February 2011

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

Consolidated income statement

For the year ended 30 September 2010

	Note	2010 £'000	2009 £'000
Revenue	3	7,920	14,948
Sub consultant costs		(1,078)	(3,868)
Revenue less sub consultant costs		6,842	11,080
Personnel related costs		(5,417)	(9,135)
Office related costs		(1,152)	(2,200)
Other operating expenses		(1,289)	(2,164)
Other operating income		78	290
Operating loss		(938)	(2,129)
Finance income	4	106	219
Finance costs	4	(51)	(57)
Loss after finance costs		(883)	(1,967)
Share of results of associate and joint venture		94	91
Loss before tax		(789)	(1,876)
Tax credit	9	210	459
Loss for the year attributable to equity holders of the company		(579)	(1,417)
Basic losses per share	10	(0.40)p	(0.97)p
Diluted losses earnings per share	10	(0.40)p	(0.97)p
Dividends per share	11	-	0.11p

Consolidated statement of comprehensive income

For the year ended 30 September 2010

	2010 £'000	2009 £'000
Loss for the year	(579)	(1,417)
Other comprehensive income:		
Currency translation differences	(6)	53
Other comprehensive income for the year	(6)	53
Total comprehensive income for the year attributable to equity holders of the company	(585)	(1,364)

Consolidated statement of financial position

At 30 September 2010

	Note	2010 £'000	2009 £'000
Non current assets			
Goodwill	12	1,596	1,596
Property, plant and equipment	13	375	473
Investment in associate	15	152	175
Deferred tax	22	329	398
Total non current assets		2,452	2,642
Current assets			
Trade and other receivables	17	3,955	9,609
Current tax		109	622
Cash and cash equivalents		946	472
Total current assets		5,010	10,703
Total assets		7,462	13,345
Current liabilities			
Trade and other payables	18	(2,561)	(6,230)
Current tax		-	(128)
Short term borrowings	19	(213)	(1,058)
Provisions	23	(220)	(435)
Total current liabilities		(2,994)	(7,851)
Non current liabilities			
Investment in joint venture	16	(19)	(7)
Long term borrowings	19	(594)	(807)
Deferred tax	22	(51)	(291)
Total non current liabilities		(664)	(1,105)
Total liabilities		(3,658)	(8,956)
Net assets		3,804	4,389
Capital and reserves			
Share capital	24	1,456	1,456
Foreign currency translation reserve		177	183
Retained earnings		(271)	308
Other distributable reserve		2,442	2,442
Total equity attributable to equity holders of the company		3,804	4,389

The financial statements on pages 31 to 62 were approved and authorised for issue by the board of directors on 1 February 2011 and were signed on its behalf by:

Nicholas Thompson
Director

Duncan Harper
Director

Company statement of financial position

At 30 September 2010

	Note	2010 £'000	2009 £'000
Non current assets			
Investments	14	3,125	4,525
Trade and other receivables	17	1,076	4,372
Total non current assets		4,201	8,897
Current assets			
Trade and other receivables	17	2	3
Cash and cash equivalents		-	2
Total current assets		2	5
Total assets		4,203	8,902
Current liabilities			
Trade and other payables	18	(1,083)	(5,907)
Total current liabilities		(1,083)	(5,907)
Total liabilities		(1,083)	(5,907)
Net assets		3,120	2,995
Capital and reserves			
Share capital	24	1,456	1,456
Retained earnings		(778)	(903)
Other distributable reserve		2,442	2,442
Total equity attributable to equity holders of the company		3,120	2,995

The financial statements on pages 31 to 62 were approved and authorised for issue by the board of directors on 1 February 2011 and were signed on its behalf by:

Nicholas Thompson
Director

Duncan Harper
Director

Consolidated statement of cash flows

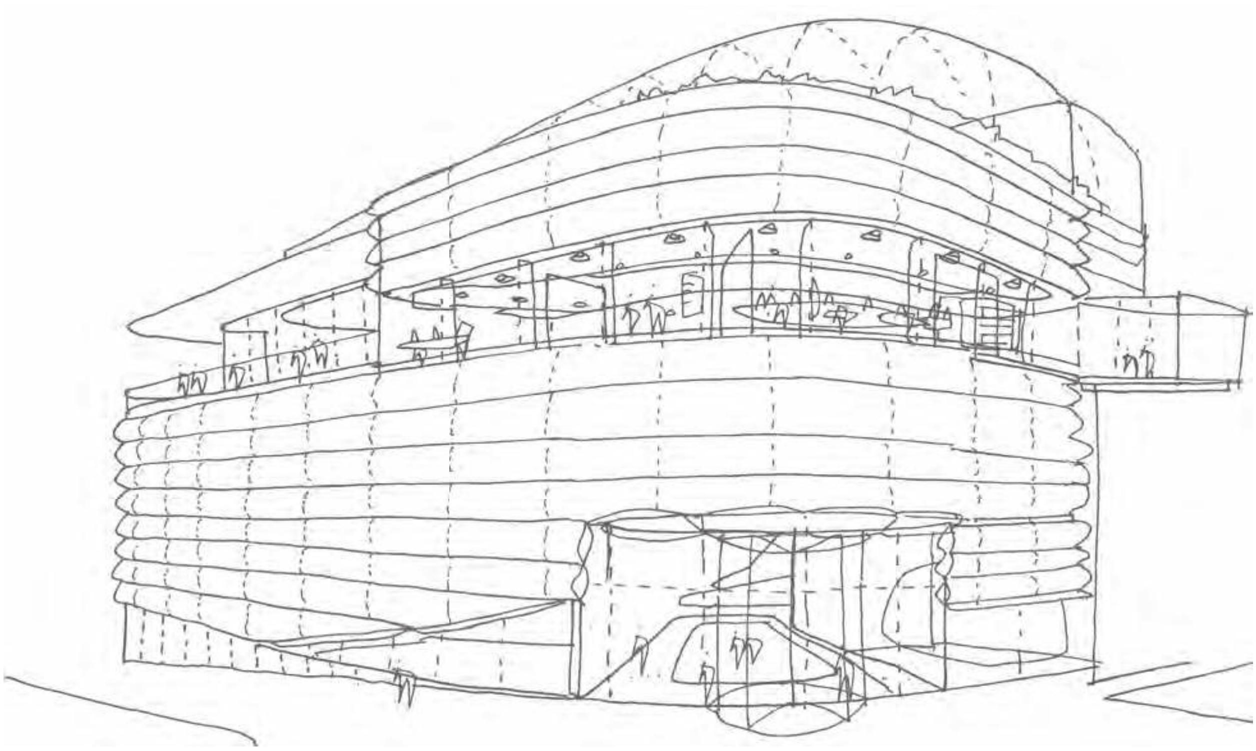
For the year ended 30 September 2010

	Note	2010 £'000	2009 £'000
Cash flows from operating activities			
Cash generated from / (used by) operations	26	977	(860)
Interest paid		(51)	(57)
Income taxes received / (paid)		410	(385)
Net cash inflow / (outflow) from operating activities		1,336	(1,302)
Cash flows from investing activities			
Purchase of property, plant and equipment		(20)	(433)
Sale of property, plant and equipment		5	3
Acquisition of subsidiary (net of cash acquired)		-	8
Interest received		104	28
Dividends received		119	44
Net cash generated from / (used in) investing activities		208	(350)
Net cash flow before financing activities		1,544	(1,652)
Cash flows from financing activities			
Repayment of bank loans		(150)	(173)
Inception of asset finance arrangements		-	184
Payment of asset finance liabilities		(63)	(27)
Dividends paid		-	(160)
Net cash used in financing activities		(213)	(176)
Net change in cash, cash equivalents and bank overdraft		1,331	(1,828)
Cash and cash equivalents and bank overdraft at start of year		(373)	1,423
Currency translation differences		(12)	32
Cash, cash equivalents and bank overdraft at end of year	27	946	(373)

Company statement of cash flows

For the year ended 30 September 2010

	Note	2010 £'000	2009 £'000
Cash flows from operating activities			
Cash (used by) / generated from operations	26	(1,524)	354
Income taxes paid		(3)	-
Net cash (outflow) / inflow from operating activities		(1,527)	354
Cash flows from investing activities			
Investment in subsidiary		-	(408)
Interest received		-	2
Dividends received		1,525	219
Net cash generated from / (used in) investing activities		1,525	(187)
Net cash flow before financing activities		(2)	167
Cash flows from financing activities			
Dividends paid		-	(160)
Net cash used in financing activities		-	(160)
Net change in cash, cash equivalents and bank overdraft		(2)	7
Cash, cash equivalents and bank overdraft at start of year		2	(5)
Cash, cash equivalents and bank overdraft at end of year		-	2



Consolidated statement of changes in equity

For the year ended 30 September 2010

	Share capital	Foreign currency translation reserve	Retained earnings	Other distributable reserve	Total
	£'000	£'000	£'000	£'000	£'000
At 1 October 2008	1,456	130	1,725	2,602	5,913
Total comprehensive income for the year	-	53	(1,417)	-	(1,364)
Dividends paid	-	-	-	(160)	(160)
At 30 September 2009	1,456	183	308	2,442	4,389
Total comprehensive income for the year	-	(6)	(579)	-	(585)
Dividends paid	-	-	-	-	-
At 30 September 2010	1,456	177	(271)	2,442	3,804

Company statement of changes in equity

For the year ended 30 September 2010

	Share capital	Retained earnings	Other distributable reserve	Total
	£'000	£'000	£'000	£'000
At 1 October 2008	1,456	(783)	2,602	3,275
Total comprehensive income for the year	-	(120)	-	(120)
Dividends paid	-	-	(160)	(160)
At 30 September 2009	1,456	(903)	2,442	2,995
Total comprehensive income for the year	-	125	-	125
Dividends paid	-	-	-	-
At 30 September 2010	1,456	(778)	2,442	3,120

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

All amounts are attributable to the equity holders of the company.

Notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of preparation

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

The financial statements have been prepared under the historical cost convention and on a going concern basis.

New accounting standards, amendments and interpretations applied

IFRS 8 "Operating segments" has been adopted which has required changes to the disclosures regarding operating segments. The group's operating segments remain unchanged.

The amendments to IAS 1 "Presentation of financial statements" have been adopted which have required certain terminology changes and the replacement of the former statement of recognised income and expense with a statement of comprehensive income.

The revisions to IFRS 3 "Business combinations" have been adopted. No acquisitions have occurred during the year and therefore, as the revised standard does not require the restatement of previous business combinations, there has been no impact on these financial statements. However, the accounting for any future acquisitions is likely to be affected by the new requirements to:

- write off all acquisition costs in the income statement instead of including them in the cost of investment (which will also have a consequent effect on the value of goodwill recognised);
- recognise intangible assets even if they cannot be reliably measured; and
- measure any contingent consideration both initially and subsequently at fair value with re-measurement differences being recognised in the income statement.

None of the other new standards, interpretations and amendments effective for the first time from 1 October 2009, have had a material effect on the financial statements.

New accounting standards, amendments and interpretations not applied

A review has been undertaken of new accounting standards, amendments and interpretations to existing standards which have been issued but have an effective date making them applicable to future financial statements. None of these are expected to have a material impact on the financial statements.

Going concern

The group's business activities, together with the factors likely to affect its future development are set out in the directors' report. The principal risks and uncertainties facing the business are explained in the directors' report on pages 23 to 24. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Group Finance Director's section of the directors' report and in notes 19, 20, 21 and 32.

As explained in the Group Finance Director's report section of the directors' report on capital structure on page 22 the group currently meets its day to day working capital requirements through its cash balances and overdraft facility. This overdraft facility was renewed in January 2011.

The processes the directors have undertaken, and the reasons for the conclusions they have reached, regarding the applicability of a going concern basis are explained below. In undertaking their assessment the directors have followed the guidance issued in 2009 by the Financial Reporting Council entitled Going Concern and Liquidity Risk.

Forecasts and projections for the group have been prepared on a monthly basis up to 30 September 2012 which comprise detailed income statements, statements of financial position and cash flow statements for each of the group's operations.

The current economic conditions create some uncertainty regarding the level of demand for the group's services. The group has appropriate procedures in place to record the future pipeline of secure and potential work, allowing the directors to monitor on a continual basis likely forward demand for the group's services.

As explained in Group Finance Director's report section of the directors' report on operating costs, during the year further steps were taken to reduce costs reflecting the lower levels of anticipated revenues.

Most projects won since 2009 have continued into the post planning permission / production information stages of the project which has increased revenue forecasting certainty for the current year.

Sensitivity analysis has been undertaken of the most important assumptions within the forecasts and projections. These include the uncertain timing of the receipt of the litigation related balance explained in note 2. The base forecasts and projections, and sensitivity analysis, show the group should be able to operate within its currently available facilities and the directors believe this to be the case.

The group's principal banker is Coutts & Co, with whom the group has an excellent long term relationship extending though previous business cycles. Coutts & Co have proved supportive of the group in these difficult economic times, evidenced by their recent facility renewal described in note 32. The group also has a relationship with HSBC Bank from whom the asset financing secured during the year ended 30 September 2009 was obtained.

At 30 September 2010 the group had net current assets of £2,016,000 (2009: £2,852,000) and net assets of £3,804,000 (2009: £4,389,000).

All of the directors, and most members of the group's senior management, have experience of managing businesses through challenging economic circumstances, in most cases over a number of business cycles.

The board, after making the enquiries described above, have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason the board considers it appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate those of the company and its subsidiaries. Subsidiaries are all entities over which the group has the power to govern the financial and operating policies. Intra-group transactions, balances and any unrealised gains and losses on transactions between group companies are eliminated on consolidation.

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

The consolidated financial statements also include the group's share of the results and reserves of its joint ventures and associates. Where the group exercises control over the investment jointly with another party it is classified as a joint venture. Other investments where the group exercises significant influence are classified as associates. Both associates and joint ventures are accounting for using the equity method.

Borrowings

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank current accounts held at call, bank deposits with very short maturity terms, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Company income statement

The company has taken advantage of the exemption provided by section 408 of the Companies Act 2006 not to present its income statement for the year. The profit of the company for the year was £125,000 (2008: loss of £120,000).

Deferred taxation

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

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

Deferred income tax liabilities are recognised in respect of the unremitted earnings of overseas operations where they are expected to be remitted to the United Kingdom in the foreseeable future.

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

Dividends

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

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

Employee share ownership plan

The group operates an employee share ownership plan through a trust and has de facto control of any shares held by the trust and bears their benefits and risks. The group consolidates the assets and liabilities of the trust. Finance costs and administrative expenses are charged as they accrue. Consideration paid by the trust for shares of the company is deducted in arriving at shareholders' funds.

Equity instruments

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

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the group or company has become a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

Foreign currency

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

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

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

Goodwill

Goodwill arising on acquisitions represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired.

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

Impairment

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

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

Investments

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

Leases and asset finance arrangements

Where asset finance arrangements result in substantially all the risks and rewards of ownership resting with the group, the arrangement is treated as a finance lease with the assets included in the statement of financial position.

Such assets are initially measured at the present value of the minimum asset finance payments and the present value of future payments is shown as a liability. The interest element of these arrangements is charged to the income statement over the period of the arrangement in proportion to the balance of capital payments outstanding.

All other lease arrangements are treated as operating leases and the annual rentals are charged to income statement on a straight line basis over the lease term.

Where a rent free period is received in respect of a property lease the incentive is considered an integral part of the agreement, and the cost of the lease net of the incentive is charged to the income statement on a straight line basis over the lease term.

Operating segments

The group's reportable operating segments are based on the geographical areas in which its studios are located. These are primarily identified by the different economic characteristics of these locations. Internally the group prepares discrete financial information for each of its geographical segments. The operating segments do not generally trade with each other.

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

Other operating expenses

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

Property, plant & equipment

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

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

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

Ownership of property, plant and equipment held under asset finance arrangement reverts to the group at the end of the arrangement and therefore such assets are depreciated over the same useful economic lives as assets not held under such arrangements.

Provisions

Provisions are recognised when a present 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.

Post retirement benefits

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

Revenue recognition

Revenue represents the value of services performed for customers under contract (excluding value added taxes). Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using 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 revenue exceeds progress billings is classified as amounts due from customers for contract work and included in trade and other receivables. To the extent progress billings exceed relevant revenue, the excess is classified as advances received from customers for contract work and included in trade and other payables.

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

Share-based payments

The fair value at the date of grant of providing new share-based payments to employees is charged to the income statement over the vesting period of the related share options. The value of the charge may be adjusted to reflect expected and actual levels of vesting.

Trade receivables

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

An allowance for impairment of trade receivables is established when there is objective evidence that it is uncertain whether all the amounts due will be collectable. Known significant financial difficulties of the client and lengthy delinquency in receipt of payments are considered indicators that a trade receivable may be impaired. Where a trade receivable is considered impaired the carrying amount is reduced using an allowance and the amount of the loss is recognised in the income statement within other operating costs.

2 Accounting estimates and judgements

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

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

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.

The amount by which revenue exceeds progress billing is shown as amounts due from customers for contract work in note 17. The amount by which progress billing exceeds revenue is shown as advances received from customers for contract work in note 18.

Recognition of fee claim revenue

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

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

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.

Impairment of trade receivables

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

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

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

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

Further quantitative information concerning trade receivables is shown in note 30.

Litigation
The group has been pursuing a significant claim for unpaid fees in connection with two related projects at Mentmore Towers in Buckinghamshire and 90-95 / 100 Piccadilly in Central London.

In December 2009 the group obtained a favourable judgment awarding the group fees for work performed together with interest, and in January 2010 the group obtained a further favourable judgment regarding the costs of the litigation.

In August 2010 £400,000 was received in full and final settlement (including costs) of the amounts owed in respect of the Mentmore Towers project.

All of the amounts owed to the group in respect of the Piccadilly project remain outstanding. The amounts are shown in note 30 to the financial statements. The group has a security charge over the properties ranking below the mortgage charge holder which is one of the UK's biggest banks.

Receipt of the outstanding amounts is likely to be dependent on the sale of the properties. The mortgage charge holder has appointed one of the UK's leading property consultancies as receiver to sell the properties, but the nature and value of the properties has meant that this proving to be an extended process.

Whilst the directors cannot, due to the off-shore incorporation of the group's former clients (meaning information on their financial position is not publically available), be certain as to the collectability of the amounts awarded and recognised as recoverable, they consider that they do have reasonable grounds to believe the amounts outstanding will be collected.

Impairment of goodwill
Details of the impairment reviews undertaken in respect of the carrying value of goodwill are given in note 12.

Recoverability of deferred tax assets
The group has recognised deferred tax assets as recoverable in the United Kingdom relating to tax depreciation on plant & equipment and trading losses, and in the Czech Republic relating to trading losses.

The businesses in both jurisdictions have historically been profitable and as a result of forecasts of future taxable profits, the directors believe that it is probable that these deferred tax assets will be recoverable.

The businesses in Poland and Slovakia also both have potential deferred tax assets relating to trading losses but these have not be recognised as the directors believe it is not probable that these amounts will be recoverable.

Measurement of provisions
Details of the accounting estimates and judgments regarding restructuring provisions are given in note 23.

3 Operating segments

The group's reportable operating segments are based on the geographical areas in which its studio undertaking the project is located.

The group's studio in Abu Dhabi is a branch of its UK operations which provide the resources to undertake work the Middle East. The group does not maintain separate accounts for its Abu Dhabi branch office and accordingly it is included in the UK segment.

Income statement segment information

Segment revenue	2010 £'000	2009 £'000
United Kingdom	6,210	10,094
Continental Europe	1,302	1,348
Russia and Former CIS	408	3,506
Revenue	7,920	14,948

All of the group's revenue relates to the value of services performed for customers under construction type contracts.

Segment net finance income	2010 £'000	2009 £'000
United Kingdom	59	179
Continental Europe	(1)	1
Russia and Former CIS	(3)	(18)
Finance income	55	162

Segment depreciation	2010 £'000	2009 £'000
United Kingdom	106	234
Continental Europe	11	11
Russia and Former CIS	1	8
Depreciation	118	253

Segment share of results of associate and joint venture	2010 £'000	2009 £'000
United Kingdom	-	-
Continental Europe	94	91
Russia and Former CIS	-	-
Share of results of associate and joint venture	94	91

Segment result	2010 £'000	2009 £'000
United Kingdom	(209)	(3,009)
Continental Europe	89	(116)
Russia and Former CIS	(669)	1,249
Loss before tax	(789)	(1,876)

Statement of financial position segment information

Segment assets	2010 £'000	2009 £'000
United Kingdom	1,887	6,208
Continental Europe	242	276
Russia and Former CIS	882	2,216
Trade receivables & amounts due from customers for contract work	3,011	8,700
Other current assets	1,999	2,003
Non current assets	2,452	2,642
Total assets	7,462	13,345

Geographical areas

Revenue	2010 £'000	2009 £'000
United Kingdom	6,210	10,094
Country of domicile	6,210	10,094
Russia	408	3,506
Czech Republic	775	695
Poland	364	456
Other countries	163	197
Foreign countries	1,710	4,854
Revenue	7,920	14,948

Non current assets	2010 £'000	2009 £'000
United Kingdom	1,611	1,697
Country of domicile	1,611	1,697
Russia	251	251
Czech Republic	107	112
Poland	2	8
Germany	152	175
Other countries	-	1
Foreign countries	512	547
Non current assets excluding deferred tax	2,123	2,244
Deferred tax	329	398
Non current assets	2,452	2,642

Major clients

During the year ended 30 September 2010 the group derived 10% or more of its revenues from 1 (2009: 2) single external client(s).

	2010 £'000	2009 £'000
Largest client revenues	792	3,686
Second largest client revenues	Less than 10%	3,253

Revenue by project site

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

	2010 £'000	2009 £'000
United Kingdom	5,675	5,955
Continental Europe	1,378	1,710
Russia and Former CIS	416	3,511
Middle East	429	3,772
Rest of the World	22	-
Revenue	7,920	14,948

4 Net finance income

	2010 £'000	2009 £'000
Payable on bank loans and overdrafts	(40)	(37)
Payable on asset finance arrangements	(4)	(2)
Other finance costs	(7)	(18)
Total finance costs	(51)	(57)
Receivable on bank deposits	1	28
Other finance income	105	191
Total finance income	106	219
Net finance income	55	162

5 Auditor remuneration

During the year the group incurred the following costs in relation to the company's auditor and its associates:

	2010 £'000	2009 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	24	32
Fees payable to the company's auditor and its associates for other services		
Audit of the company's subsidiaries pursuant to legislation	51	80
Other services supplied pursuant to such legislation	-	19
Other services relating to taxation	3	22
All other services	-	7

Auditor remuneration for the year ended 30 September 2010 relates to BDO LLP and its associates, the current auditor, whereas auditor remuneration for the year ended 30 September 2009 relates to Baker Tilly UK Audit LLP and associates, the former auditor.

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

6 Employee information

The average number of persons employed by the group during the year, including directors, was as follows:

	2010 Number	2009 Number
Architectural and design	111	155
Administrative	35	40
Total	146	195

The costs of employing these staff were as follows:

	2010 £'000	2009 £'000
Wages and salaries	4,218	6,901
Social security costs	492	804
Contributions to defined contribution pension arrangements	76	243
Total	4,786	7,948

The wages and salaries costs above include £39,000 of restructuring costs (2009: £367,000).

The group contributes to defined contribution pension arrangements for its employees both in the UK and overseas. The assets of these arrangements are held by financial institutions entirely separately from those of the group. The group provides no other post retirement benefits.

7 Operating leases

The operating lease payments recognised as an expense during the year were:

	2010 £'000	2009 £'000
Property	645	811
Plant & equipment	14	53
Total	659	864

8 Directors' emoluments

As outlined on page 26, reflecting the difficult economic circumstances faced by the business, the directors have waived part of their remuneration. The saving to the company from these waivers during the year ended 30 September 2010 was £101,000 (2009: £26,000).

2010	Basic pay £'000	Benefits £'000	Bonus £'000	Subtotal £'000	Pension contributions £'000	Total £'000
Anthony Simmonds						
Contractual / Received	25	-	-	25	-	25
Duncan Harper						
Contractual	85	11	-	96	13	109
Waived	(15)	(10)	-	(25)	(13)	(38)
Received	70	1	-	71	-	71
Lutz Heese						
Contractual	15	-	-	15	-	15
Waived	(2)	-	-	(2)	-	(2)
Received	13	-	-	13	-	13
Raul Curiel						
Contractual	25	2	-	27	-	27
Waived	(2)	-	-	(2)	-	(2)
Received	23	2	-	25	-	25
Nicholas Thompson						
Contractual	140	14	-	154	22	176
Waived	(25)	(12)	-	(37)	(22)	(59)
Received	115	2	-	117	-	117
Tim Hodgson						
Contractual / Received	30	-	-	30	-	30
Total						
Contractual	320	27	-	347	35	382
Waived	(44)	(22)	-	(66)	(35)	(101)
Received	276	5	-	281	-	281

2009	Basic pay £'000	Benefits £'000	Bonus £'000	Subtotal £'000	Pension contributions £'000	Total £'000
Anthony Simmonds						
Contractual / Received	6	-	-	6	-	6
Duncan Harper						
Contractual	85	11	-	96	13	109
Waived	-	(4)	-	(4)	(6)	(10)
Received	85	7	-	92	7	99
Lutz Heese						
Contractual / Received	15	-	-	15	-	15
Raul Curiel						
Contractual / Received	51	9	-	60	6	66
Nicholas Thompson						
Contractual	140	14	-	154	22	176
Waived	-	(5)	-	(5)	(11)	(16)
Received	140	9	-	149	11	160
Tim Hodgson						
Contractual / Received	30	-	-	30	-	30
Total						
Contractual	327	34	-	361	41	402
Waived	-	(9)	-	(9)	(17)	(26)
Received	327	25	-	352	24	376

Benefits were accruing to two directors (2008: three directors) under defined contribution pension arrangements.

Raul Curiel converted from an executive to a non-executive director on 1 May 2009 and Anthony Simmonds was appointed a director on 30 June 2009.

Nicholas Thompson was the highest paid director in both 2010 and 2009.

9 Tax credit

	2010 £'000	2009 £'000
Current tax	20	(358)
Adjustment in respect of previous years	(55)	(10)
Total current tax	(35)	(368)
Origination and reversal of temporary differences	(185)	(91)
Changes in tax rates	10	-
Total deferred tax (note 22)	(175)	(91)
Total tax credit	(210)	(459)

The standard rate of corporation tax in the United Kingdom will be reduced from 28% to 27% in April 2011.

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

	2010 £'000	2009 £'000
Loss before tax	(789)	(1,876)
Loss before tax multiplied by the standard rate of corporation tax in the United Kingdom of 28% (2009: 28%)	(221)	(525)
Effects of:		
Non tax deductible expenses	27	78
Differences in overseas tax rates	19	(19)
Associate & joint ventures reported net of tax	(27)	(25)
Tax losses not recognised	-	50
Impact on deferred tax of change in UK tax rate	10	-
Other differences	-	(8)
Current tax adjustment in respect of previous years	(55)	(10)
Deferred tax adjustment in respect of previous years	37	-
Total tax credit	(210)	(459)

10 Losses per share

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

Earnings	2010 £'000	2009 £'000
Loss for the year	(579)	(1,417)

Number of shares	2010 Number	2009 Number
Weighted average of ordinary shares in issue	145,618,693	145,618,693
Effect of dilutive options	-	-
Diluted weighted average of ordinary shares in issue	145,618,693	145,618,693

11 Dividends

	2010 £'000	2009 £'000
2007/08 final dividend of 0.11p per share	-	160
Total	-	160

12 Goodwill

Group	£'000
Cost	
At 1 October 2008	1,596
Acquisitions	9
Written off	(9)
At 30 September 2009	1,596
No movements	-
At 30 September 2010	1,596

The net book value of goodwill is allocated to the group's cash generating units as follows:

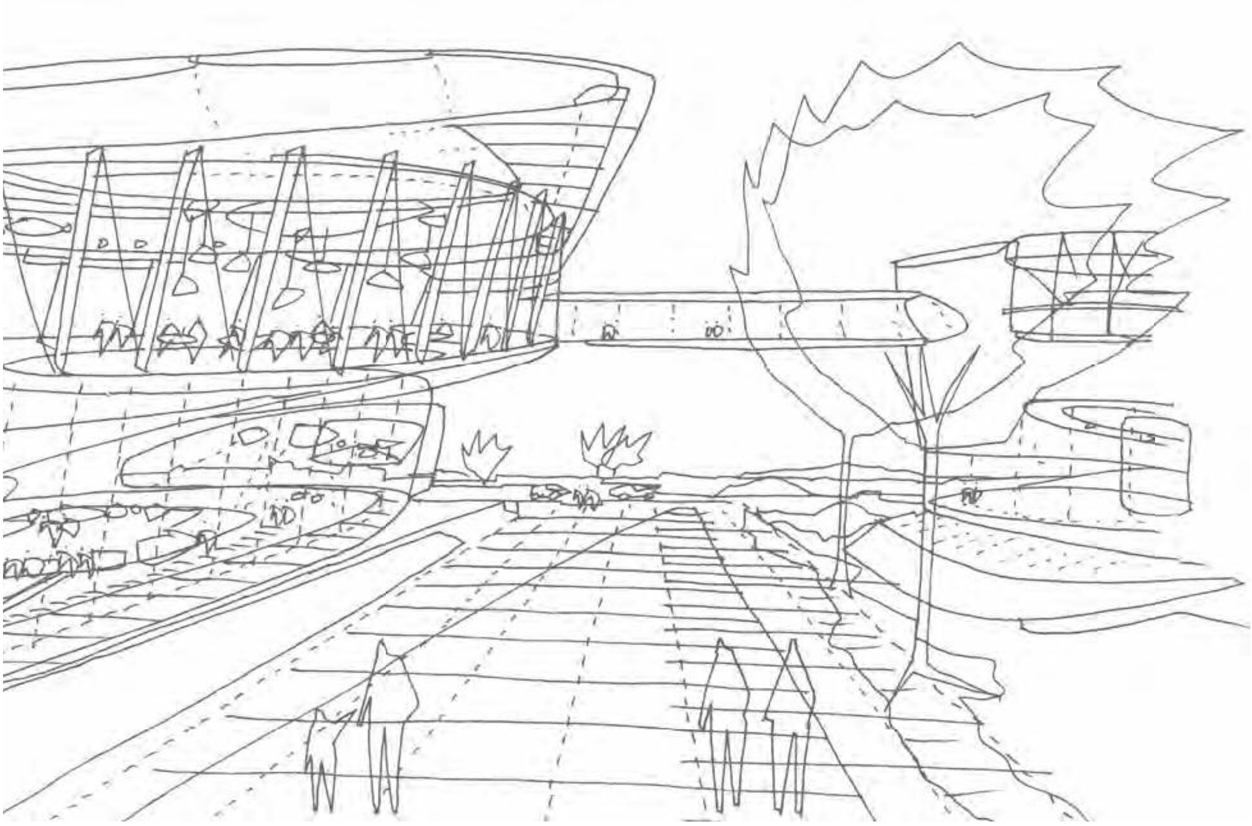
	2010 £'000	2009 £'000
United Kingdom operations	1,244	1,244
Russian operations	250	250
Czech Republic operations	102	102
Total goodwill	1,596	1,596

The goodwill allocated to each cash generating unit is tested annually for impairment. The recoverable amount of a cash generating unit is determined based on value in use calculations.

These calculations use pre tax cash flow projections covering a ten year period. A ten year period is considered appropriate based on the age of businesses and their survival through previous economic downturns coupled with the length of construction projects, the durability of client relationships and key staff retention periods.

The key assumptions in these cash flow projections are:

- The future level of revenue - which is based on knowledge of past property investment cycles and external forecasts such as the construction forecasts published by Experian. The long term growth rates used in the projections are not in excess of the rates previously experienced in the industry and do not result in revenues exceeding those previously achieved by the operations.
- The discount rate – which is the group's pre tax weighted average cost of capital and has been calculated at approximately 16% (2009: approximately 14%).



13 Property, plant and equipment

Group	Leasehold improvements £'000	Furniture & equipment £'000	Total £'000
Cost			
At 1 October 2008	494	1,239	1,733
Acquisitions	-	24	24
Additions	316	117	433
Disposals	(68)	(388)	(456)
Exchange differences	-	(19)	(19)
At 30 September 2009	742	973	1,715
Additions	-	20	20
Disposals	-	(12)	(12)
Exchange differences	-	(2)	(2)
At 30 September 2010	742	979	1,721
Depreciation			
At 1 October 2008	467	991	1,458
Charge for the year	59	194	253
Disposals	(68)	(382)	(450)
Exchange differences	-	(19)	(19)
At 30 September 2009	458	784	1,242
Charge for the year	32	86	118
Disposals	-	(12)	(12)
Exchange differences	-	(2)	(2)
At 30 September 2010	490	856	1,346
Net book value			
At 30 September 2010	252	123	375
At 30 September 2009	284	189	473
At 30 September 2008	27	248	275

The depreciation charge is included in the income statement within office related costs.

Furniture & equipment includes the following amounts where the group is a lessee under asset finance arrangements:

	2010 £'000	2009 £'000
Cost – capitalised asset finance arrangements	187	187
Accumulated depreciation	(94)	(47)
Total	93	140

14 Investments

Company	Group undertakings £'000	Joint venture £'000	Associate £'000	Total £'000
Cost				
At 1 October 2008	4,491	20	12	4,523
Additions	408	-	-	408
At 30 September 2009	4,899	20	12	4,931
Additions	-	-	-	-
At 30 September 2010	4,899	20	12	4,931
Provisions				
At 1 October 2008	-	-	-	-
Charge	406	-	-	406
At 30 September 2009	406	-	-	406
Charge	1,400	-	-	1,400
At 30 September 2010	1,806	-	-	1,806
Net book value				
At 30 September 2010	3,093	20	12	3,125
At 30 September 2009	4,493	20	12	4,525
At 30 September 2008	4,491	20	12	4,523

The impairment charge of £1,400,000 recognised during the year relates to the company's investment in one of its subsidiaries following the payment of an intra group dividend and consequent reduction in the value of the subsidiary.

Principal operations
The principal operations at 30 September 2010 were as follows:

Name	Country of incorporation	Class and proportion of shares held
Group undertakings		
Aukett Fitzroy Robinson Limited	England & Wales	Ordinary 100% *
Fitzroy Robinson Limited	England & Wales	Ordinary 100% *
Aukett Fitzroy Robinson International Limited	England & Wales	Ordinary 100%
Veretec Limited	England & Wales	Ordinary 100%
Aukett sro	Czech Republic	Ordinary 100% *
Aukett Fitzroy Robinson Sp zoo	Poland	Ordinary 100% *
ZAO Aukett Fitzroy Vostok (formerly ZAO MMA + Fitzroy Robinson International)	Russia	Ordinary 100%
Joint venture		
Aukett + Heese Frankfurt GmbH	Germany	Ordinary 50% *
Associate		
Aukett + Heese GmbH	Germany	Ordinary 25% *

* Held directly by the company

The principal operations all provide architectural and design services.

15 Investment in associate

As disclosed in note 14, the group owns 25% of Aukett + Heese GmbH which is based in Berlin.

Group	Associate £'000
At 1 October 2008	77
Share of profits	126
Dividends paid	(44)
Exchange differences	16
At 30 September 2009	175
Share of profits	106
Dividends paid	(119)
Exchange differences	(10)
At 30 September 2010	152

The following amounts represent the group's 25% share of the assets and liabilities, and revenue and profits of Aukett + Heese GmbH.

	2010 £'000	2009 £'000
Assets	390	435
Liabilities	(238)	(260)
Net assets	152	175
Revenue	1,032	1,171
Costs	(926)	(1,045)
Profit after income tax	106	126

16 Investment in joint venture

As disclosed in note 14, the group owns 50% of Aukett + Heese Frankfurt GmbH which is based in Frankfurt.

Group	Joint venture £'000
At 1 October 2008	26
Share of losses	(35)
Exchange differences	2
At 30 September 2009	(7)
Share of losses	(12)
Exchange differences	-
At 30 September 2010	(19)

The following amounts represent the group's 50% share of the assets and liabilities, and revenue and expenses of Aukett + Heese Frankfurt GmbH.

	2010 £'000	2009 £'000
Assets		
Non current assets	9	8
Current assets	173	277
Total assets	182	285
Liabilities		
Current liabilities	(201)	(292)
Non current liabilities	-	-
Total liabilities	(201)	(292)
Net liabilities	(19)	(7)
Revenue	314	316
Costs	(326)	(351)
Loss after income tax	(12)	(35)

17 Trade and other receivables

Group	2010 £'000	2009 £'000
Gross trade receivables	2,505	7,555
Impairment allowances	(537)	(515)
Net trade receivables	1,968	7,040
Amounts due from customers for contract work	1,043	1,660
Amounts owed by joint venture and associate	76	81
Other receivables	694	646
Prepayments	174	182
Total	3,955	9,609

Company	2010 £'000	2009 £'000
Amounts due after more than one year		
Amounts owed by group undertakings	1,076	4,372
Total amounts due after more than one year	1,076	4,372
Amounts due within one year		
Other receivables	1	-
Prepayments	1	3
Total amounts due within one year	2	3
Total	1,078	4,375

18 Trade and other payables

Group	2010 £'000	2009 £'000
Trade payables	387	1,045
Advances received from customers for contract work	383	2,465
Amounts owed to joint venture and associate	-	64
Other taxation and social security	321	649
Other payables	55	45
Accruals	1,346	1,881
Deferred income	69	81
Total	2,561	6,230

Company	2010 £'000	2009 £'000
Trade payables	1	12
Amounts owed to group undertakings	1,077	5,871
Other taxation and social security	2	4
Other payables	2	4
Accruals	1	16
Total	1,083	5,907

19 Borrowings

Group

Short term borrowings	2010 £'000	2009 £'000
Secured bank overdraft	-	845
Secured bank loan (note 20)	150	150
Asset finance liabilities (note 21)	63	63
Total	213	1,058

The secured bank overdraft is repayable on demand.

Long term borrowings	2010 £'000	2009 £'000
Secured bank loan (note 20)	563	713
Asset finance liabilities (note 21)	31	94
Total	594	807

20 Secured bank loan

Group	2010 £'000	2009 £'000
Instalments repayable within one year	150	150
Current liability	150	150
Instalments repayable between one and two years	150	150
Instalments repayable between two and five years	413	450
Instalments repayable between five and ten years	-	113
Non current liability	563	713
Total	713	863

The bank loan and overdraft are secured by a debenture over all the present and future assets of the company and certain of its United Kingdom subsidiaries. In January 2011 the interest rate on the bank loan and overdraft increased from 2.0% above United Kingdom bank base rate to 2.5% above United Kingdom bank base rate.

21 Asset finance liabilities

Group

Net asset finance liabilities	2010 £'000	2009 £'000
Instalments repayable within one year	63	63
Current liability	63	63
Instalments repayable between one and two years	31	63
Instalments repayable between two and five years	-	31
Non current liability	31	94
Total net liabilities	94	157

Gross asset finance liabilities	2010 £'000	2009 £'000
Instalments repayable within one year	64	64
Instalments repayable between one and two years	33	66
Instalments repayable between two and five years	-	33
Total gross liabilities	97	163
Future finance charges	(3)	(6)
Total net liabilities	94	157

The asset finance liabilities carry interest at 2.4% above United Kingdom bank base rate.

22 Deferred tax

Group	Tax depreciation on plant & equipment £'000	Trading losses £'000	Unremitted overseas earnings £'000	Other temporary differences £'000	Total £'000
At 1 October 2008	90	33	(10)	(99)	14
Income statement	19	219	(68)	(79)	91
Exchange differences	-	-	-	2	2
At 30 September 2009	109	252	(78)	(176)	107
Income statement	(47)	38	66	118	175
Exchange differences	-	-	(1)	(3)	(4)
At 30 September 2010	62	290	(13)	(61)	278

Group	2010 £'000	2009 £'000
Deferred tax assets	329	398
Deferred tax liabilities	(51)	(291)
Net deferred tax balance	278	107

Potential deferred tax assets of £10,000 (2009: £50,000) relating to trading losses in certain tax jurisdictions have not been recognised where future taxable profits are not considered probable.

Further information regarding the assessment of the recoverability of deferred tax assets is given in note 2.

Company	Trading losses £'000
At 1 October 2008	23
Income statement	(23)
At 30 September 2009	-
Income statement	-
At 30 September 2010	-

23 Restructuring provision

Group	£'000
At 1 October 2008	-
Provided	592
Utilised	(157)
Exchange differences	-
At 30 September 2009	435
Provided	70
Utilised	(200)
Released	(85)
Exchange differences	-
At 30 September 2010	220

The restructuring provision relates to costs associated with reducing staff numbers in the United Kingdom and Russia, and in relocating the London based staff to a single studio location. The restructuring provision arises from obligations contained in employment contracts and property lease contracts.

It is anticipated that the provision at 30 September 2010 will be utilised in full during the year ending 30 September 2011. The amount provided in respect of the property lease contracts represents the directors' best estimate based on professional advice but is subject to uncertainty as to amount and timing since agreement has not yet been reached with the freeholder.

24 Share capital

Group and Company	2010 £'000	2009 £'000
Authorised		
195,000,000 (2009: 195,000,000) ordinary shares of 1p each	1,950	1,950
Allocated, called up and fully paid		
145,618,693 (2009: 145,618,693) ordinary shares of 1p each	1,456	1,456

	Number
At 1 October 2008	145,618,693
No changes	-
At 30 September 2009	145,618,693
No changes	-
At 30 September 2010	145,618,693

The objectives, policies and processes for managing capital are outlined on with the capital structure section of the Group Finance Director's report on page 22.

25 Share options

1998 Company Share Option Scheme

Exercisable between	Exercise Price	At 1 October 2009	Exercised	Lapsed	At 30 September 2010
07/01/2003 – 06/01/2010	18.25p	326,908	-	(326,908)	-
Total		326,908	-	(326,908)	-

Advantage has been taken of the exemption available in IFRS 2: Share-based payment, to exclude a share based payment charge in relation to share options which were granted before 7 November 2002 and had vested by 1 October 2006. All the share options above are covered by this exemption.

26 Cash generated from operations

Group	2010 £'000	2009 £'000
Loss before income tax	(789)	(1,876)
Finance income	(106)	(219)
Finance costs	51	57
Share of results of associate and joint ventures	(94)	(91)
Depreciation	118	253
Loss on disposal of property, plant and equipment	(5)	3
Goodwill written off	-	9
Change in trade and other receivables	5,661	1,323
Change in trade and other payables	(3,644)	(754)
Change in provisions	(215)	435
Net cash generated from / (used by) operations	977	(860)

Company	2010 £'000	2009 £'000
Profit / (loss) before income tax	128	(97)
Dividends received	(1,525)	(219)
Finance income	-	(2)
Provision against investment in subsidiary	1,400	406
Change in trade and other receivables	3,297	(2,180)
Change in trade and other payables	(4,824)	2,446
Net cash generated from operations	(1,524)	354

27 Analysis of net funds

Group	2010 £'000	2009 £'000
Cash and cash equivalents	946	472
Secured bank overdraft	-	(845)
Cash, cash equivalents and bank overdraft	946	(373)
Secured bank loan (note 20)	(713)	(863)
Asset finance liabilities (note 21)	(94)	(157)
Net funds / (debt)	139	(1,393)

28 Financial instruments

Categories of financial assets and liabilities

Group	2010 £'000	2009 £'000
Trade receivables	1,968	7,040
Amounts due from customers for contract work	1,043	1,660
Amounts owed by joint venture and associate	76	81
Other receivables	694	646
Cash and cash equivalents	946	472
Loans and receivables	4,727	9,899
Trade payables	(387)	(1,045)
Amounts owed to joint venture and associate	-	(64)
Other payables	(55)	(45)
Accruals	(1,346)	(1,881)
Secured bank overdraft	-	(845)
Secured bank loan	(713)	(863)
Asset finance liabilities	(94)	(157)
Provisions	(220)	(435)
Financial liabilities measured at amortised cost	(2,815)	(5,335)
Net financial instruments	1,912	4,564

Company	2010 £'000	2009 £'000
Amounts owed by group undertakings	1,076	4,372
Other receivables	1	-
Cash and cash equivalents	-	2
Loans and receivables	1,077	4,374
Trade payables	(1)	(12)
Amounts owed to group undertakings	(1,077)	(5,871)
Other payables	(2)	(4)
Accruals	(1)	(16)
Financial liabilities measured at amortised cost	(1,081)	(5,903)
Net financial instruments	(4)	(1,529)

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

Collateral

As disclosed in note 20 the bank loan and overdraft are secured by a debenture over all the present and future assets of the company and certain of its United Kingdom subsidiaries. The carrying amount of the financial assets covered by this debenture were:

	2010 £'000	2009 £'000
Group	9,790	30,203
Company	4,203	8,902

Other receivables in the consolidated statement of financial position include a £148,000 rent security deposit (2009: £148,000) in respect of the group's London studio premises.

Risk management

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

29 Foreign currency risk

The group's operations seek to contract with customers and suppliers in their own functional currencies to minimise exposure to foreign currency risk, however, for commercial reasons contracts are occasionally entered into in foreign currencies. All such circumstances are considered individually but such foreign currency risk is not usually hedged due to the uncertainty of cash flow timings and the usual rights of the customer to suspend or terminate contracts. The board has taken a decision not to hedge the net assets of the group's overseas operations.

The denomination of financial instruments by currency at 30 September was:

Group	2010 £'000	2009 £'000
Czech Crown	227	290
EU Euro	(44)	31
Polish Zloty	29	48
Russian Rouble	436	1,799
UAE Dirham	(97)	2,055
UK Sterling	1,355	329
US Dollar	(2)	(87)
Other	8	99
Net financial instruments	1,912	4,564

Company	2010 £'000	2009 £'000
EU Euro	(1)	-
Polish Zloty	58	80
UK Sterling	(61)	(1,609)
Net financial instruments	(4)	(1,529)

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

	2010		2009	
	Profit £'000	Equity £'000	Profit £'000	Equity £'000
Group	(9)	103	203	238
Company	6	-	8	-

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

	2010 £'000	2009 £'000
Group	(20)	144
Company	-	(4)

30 Counterparty risk

With the exception of the litigation matter explained below, no collateral is held in respect of any financial assets and therefore the maximum exposure to credit risk at the date of the statement of financial position is the carrying value of financial assets shown in note 28.

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

The ageing of trade receivables against which no impairment allowance has been made as the directors consider their recovery is probable was:

Group	2010 £'000	2009 £'000
Not overdue	774	3,029
Between 0 and 30 days overdue	497	487
Between 30 and 60 days overdue	47	1,618
Greater than 60 days overdue	650	1,906
Total	1,968	7,040

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

Group	£'000
At 1 October 2008	419
Charge to the income statement	132
Allowance utilised	(42)
Exchange differences	6
At 30 September 2009	515
Charge to the income statement	58
Allowance utilised	(33)
Exchange differences	(3)
At 30 September 2010	537

All of the trade receivables considered to be impaired were greater than 90 days overdue.

The processes undertaken when considering whether a trade receivable may be impaired are set out in note 2. All amounts overdue have been individually considered for any indications of impairment and provision for impairment made where considered appropriate.

As explained in note 2 the group is still owed fees, VAT thereon, costs and interest in respect of litigation connected with the Piccadilly project. The fees and VAT thereon of £457,000 (2009: £457,000) are shown within trade receivables, and the costs and interest of £446,000 (2009: £135,000) are shown within other receivables. At 30 September 2010 £772,000 (2009: £nil) of these amounts were secured by charges over the relevant properties.

The concentration of counterparty risk in respect of trade receivables, amounts due from customers for contract work and other receivables is illustrated in the table below showing the three largest exposures to individual clients at 30 September.

Group	2010 £'000	2009 £'000
Largest exposure	867	3,712
Second largest exposure	828	1,929
Third largest exposure	271	837

The company does not have any trade receivables or amounts due from customers for contract work. As disclosed in note 34 none of the amounts owed to the company by group undertakings are secured.

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

At 30 September 2010 the largest exposure to a single financial institution represented 55% (2009: 38%) of the group's cash and cash equivalents.

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

The company is exposed to counterparty risk though the guarantees set out in note 33.

31 Interest rate risk

Group	2010 £'000	2009 £'000
Trade receivables	457	457
Other receivables – Court cost award	242	-
Other receivables – Property rent deposit	148	148
Cash and cash equivalents	946	472
Secured bank overdraft	-	(845)
Secured bank loan	(713)	(863)
Asset finance liabilities	(94)	(157)
Interest bearing financial instruments	986	(788)

Company	2010 £'000	2009 £'000
Cash and cash equivalents	-	2
Secured bank overdraft	-	-
Interest bearing financial instruments	-	2

The interest bearing trade receivables earn interest at 8.0% above United Kingdom bank base rate whilst the court cost award earns interest at 8.0%.

The property rent deposit and the cash and cash equivalent balances earn variable rates of interest based on short term inter bank lending rates.

In January 2011 the interest rate on the bank loan and overdraft increased from 2.0% above United Kingdom bank base rate to 2.5% above United Kingdom bank base rate.

The asset finance liabilities carry interest at 2.4% above United Kingdom bank base rate.

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

Group	2010 £'000	2009 £'000
Group	10	(8)
Company	-	-

32 Liquidity risk

All of the group's and the company's financial liabilities mature within one year except for the ten year amortising bank loan which is used to provide long-term funding and the asset finance liabilities. The maturity profiles of the bank loan and the asset finance liabilities are shown in notes 20 and 21.

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

At 30 September 2010 the group had £1m of undrawn borrowing facilities under its £1m United Kingdom bank overdraft (2009: £155,000 of undrawn borrowing facilities).

In January 2011 Coutts & Co renewed the overdraft facility which is now next due for review in December 2011.

The maturity analysis of borrowings, including contractual payments of floating rate interest is as shown below:

Gross borrowings	2010 £'000	2009 £'000
Instalments repayable within one year	216	1,061
Instalments repayable between one and two years	189	222
Instalments repayable between two and five years	451	522
Instalments repayable between five and ten years	-	128
Total gross borrowings	856	1,933
Future finance charges	(49)	(68)
Total net borrowings	807	1,865

33 Guarantees, contingent liabilities and other commitments

A cross guarantee and offset agreement is in place between the company and certain of its United Kingdom subsidiaries in respect of the United Kingdom bank loan and overdraft facility. Details of the UK bank loan are disclosed in note 20. At 30 September 2010 the overdrafts of its United Kingdom subsidiaries guaranteed by the company totalled £334,000 (2009: £1,480,000).

The company and some of its United Kingdom subsidiaries are members of a group for Value Added Tax purposes. At 30 September 2010 the net VAT payable balance of those subsidiaries was £170,000 (2009: £84,000).

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

At 30 September the group had the following aggregate commitments under operating leases.

	2010 £'000	2009 £'000
Not later than one year	564	537
Later than one year and not later than five years	1,928	1,917
Later than five years	1,310	1,782
Total	3,802	4,236

The group's most significant lease relates to its London studio premises which comprises £3,669,000 (2009: £4,141,000) of the amounts shown in the table above. This lease, which does not contain any break clauses, expires in July 2018 and has an upwards only rent review in July 2013.

The company has no operating lease commitments (2009: £nil).

At 30 September 2010 the group had capital commitments in respect of property, plant and equipment totalling £nil (2009: £nil). The company has no capital commitments.

34 Related party transactions

Key management personnel compensation

The key management personnel of the group comprise the directors of the company together with the managing directors of the United Kingdom and European operations.

Group	2010 £'000	2009 £'000
Short term employee benefits	457	588
Post employment benefits	-	35
Total	457	623

The key management personnel of the company comprise the directors of the company.

Company	2010 £'000	2009 £'000
Short term employee benefits	312	397
Post employment benefits	-	24
Total	312	421

Transactions and balances with associate and joint ventures

The amount owed to the group by Aukett + Heese Frankfurt GmbH at the date of the statement of financial position was £66,000 (2009: £81,000) relating to loans previously advanced and management charges formerly made. The movement in the balance during the year relates to payments made to the group by Aukett + Heese Frankfurt GmbH.

The group makes management charges to Aukett + Heese GmbH. Invoices issued by the group during the year in respect of these services amounted to £42,000 (2009: £42,000). The amount owed to the group by Aukett + Heese GmbH at the date of the statement of financial position in respect of these management charges was £10,000 (2009: £nil). During 2009 Aukett + Heese GmbH lent the group £64,000 which was repaid in full during 2010. At the date of the statement of financial position £nil (2009: £64,000) was owed by the group to Aukett + Heese GmbH in respect of this loan.

As disclosed in note 14, the group owns 50% of Aukett + Heese Frankfurt GmbH and 25% of Aukett + Heese GmbH. The remaining 50% of Aukett + Heese Frankfurt GmbH and 75% of Aukett + Heese GmbH is owned by Lutz Heese, a former director of the company.

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

Transactions and balances with subsidiaries

The names of the company's subsidiaries are set out in note 14.

The company made management charges to its subsidiaries for management services of £140,000 (2009: £168,000).

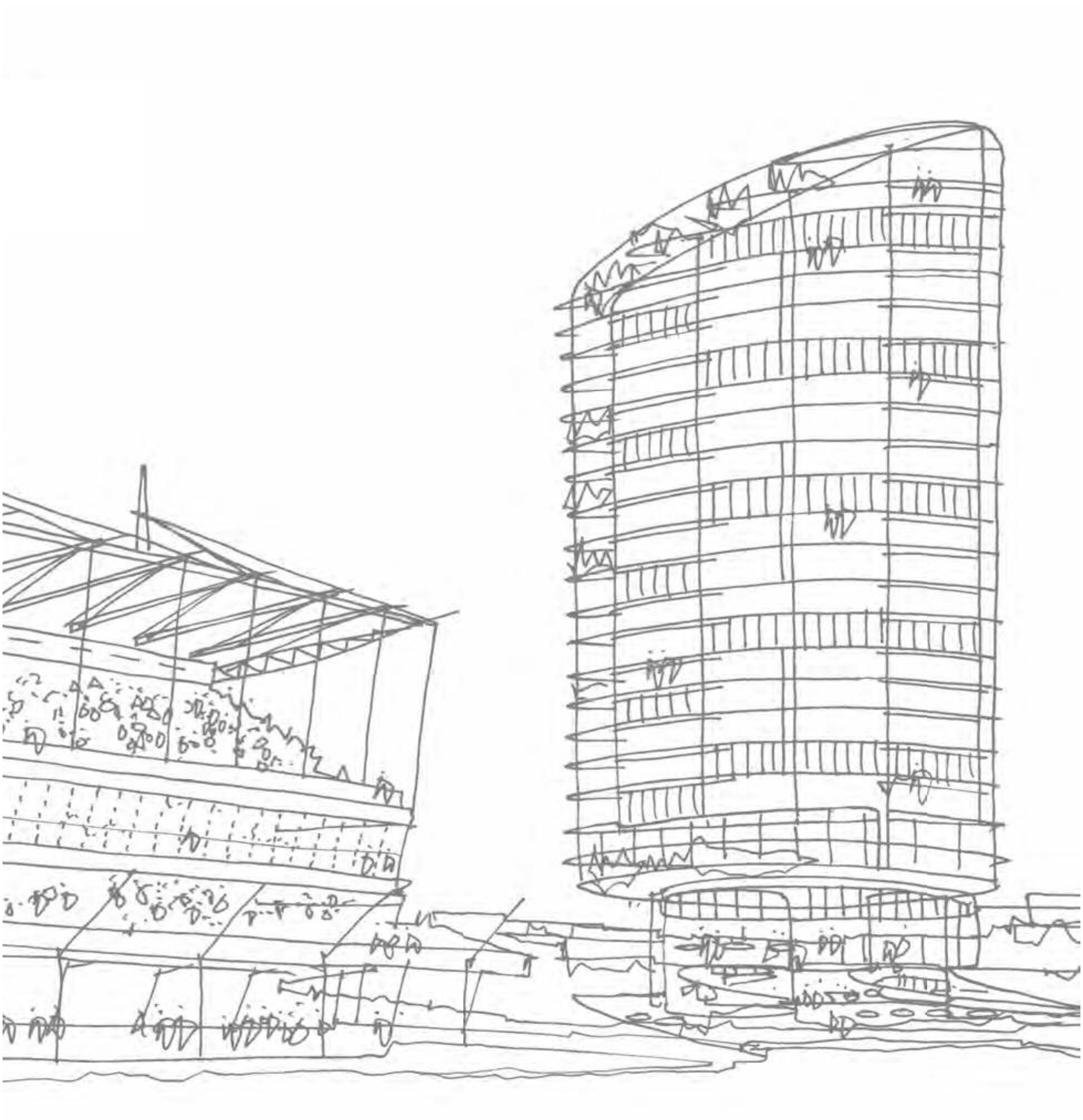
The treasury activities of the company and its United Kingdom subsidiaries are managed on a consolidated basis by one of those subsidiaries, with funds being transferred to and from that subsidiary as required for efficient treasury management.

At 30 September 2010 the company was owed £1,076,000 (2009: £4,372,000) by its subsidiaries, and owed £1,077,000 (2009: £5,871,000) to its subsidiaries. These balances arose through various past transactions including treasury management and management charges.

None of the balances with the company's subsidiaries are secured.

35 Corporate information

General corporate information regarding the company is shown on page 17. The addresses of the group's principal operations are shown on page 2. A description of the group's operations and principal activities is given within the directors' report on page 23.



Notice of meeting

Notice is hereby given that the annual general meeting of the company will be held at 10:30am on Thursday 31 March 2011 at 36-40 York Way, London, N1 9AB for the following purposes:

Ordinary business

1 To receive and adopt the annual report for the year ended 30 September 2010.

2 To re-elect Duncan Harper as a director. Duncan Harper retires by rotation.

3 To elect John Vincent as a director.

4 To appoint BDO LLP as auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company, at remuneration to be fixed by the directors.

Special business

5 That the directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the 'Act') to exercise all powers of the company to allot shares in the company up to an aggregate nominal amount of £493,813 to such persons and upon such conditions as the directors may determine, such authority to expire at the conclusion of the next annual general meeting of the company save that the company may before such expiry make an offer or agreement which would or might require shares in the company to be allotted after such expiry and the directors may allot shares in the company in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

6 That the directors be and are hereby empowered pursuant to section 570 of the Act to allot shares in the company up to an aggregate nominal amount of £145,619 for cash pursuant to the authority conferred by resolution 5 above as if section 561 of the Act did not apply to such allotment, such authority to expire at the conclusion of the next annual general meeting of the company save that the company may before such expiry make an offer or agreement which would or might require shares in the company to be allotted after such expiry and the directors may allot shares in the company in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

7 That the articles of association as set out in the form produced to the meeting, and initialled by the chairman for the purposes of identification, be adopted as the articles of association of the company, in substitution for and to the exclusion of the existing articles of association of the company as deemed to be altered by section 28 of the Companies Act 2006.

By order of the board

Duncan Harper
Company Secretary

1 February 2011

Registered office: 36-40 York Way, London, N1 9AB

Notes

1 The company's current articles of association were drafted before the Companies Act 2006 was enacted and are based on the Companies Act 1985 which has been replaced by the Companies Act 2006. The company proposes to adopt new articles of association to embrace the Companies Act 2006. A copy of the new articles of association will be available for inspection during normal working hours at the company's registered office (36-40 York Way, London, N1 9AB) from the date of this notice up until the annual general meeting. A copy may also be downloaded from the company's website (www.aukettfitzroyrobinson.com) under the investor relations section. A copy will also be available fifteen minutes prior to, and during the annual general meeting.

2 Any member entitled to attend and vote at the meeting may appoint another person, whether a member or not, as their proxy to attend and, on a poll, to vote instead of them. A form of proxy is enclosed for this purpose and to be valid must be lodged with the company's registrars together with any power of attorney or other authority under which it is signed, not less than 48 hours before the time appointed for the meeting. Completion and return of the form of proxy will not preclude a member from attending and voting at the meeting.

3 In accordance with regulation 41 of Uncertificated Securities Regulations 2001, the company gives notice that only those shareholders entered on the register of members at 6pm on Tuesday 29 March 2011 (the 'Specified Time') will be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at that meeting. Should the meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. Should the meeting be adjourned for a longer period then to be so entitled members must be entered on the register at the time which is 48 hours before the time fixed for the adjourned meeting or, if the company gives notice of the adjourned meeting, at the time specified in the notice.

Shareholder information

Listing information

The shares of Aukett Fitzroy Robinson Group plc are listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

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

Share price

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

The company's mid market share price is published daily in The Times, The Financial Times and The London Evening Standard newspapers.

Registrars

Enquiries relating to matters such as loss of a share certificate, dividend payments or notification of a change of address should be directed to Equiniti who are the company's registrars at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DD - 0121 415 7047 - www.equiniti.com.

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

Investor relations

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

The company secretary can be contacted by email at cosec@aukettfitzroyrobinson.com.

Donate your shares

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

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

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

Further details about ShareGift can be obtained from ShareGift, 17 Carlton House Terrace, London, SW1Y 5AH - 020 7930 3737 - www.sharegift.org.

“Land Securities are delighted to have worked with Aukett Fitzroy Robinson to secure planning consent for their large refurbishment project at 123 Victoria Street.

The project started on site in January 2011.”

Colette O'Shea, Director
Head of Development, Land Securities

123 Victoria Street, London SW1

www.aukettfitzroyrobinson.com