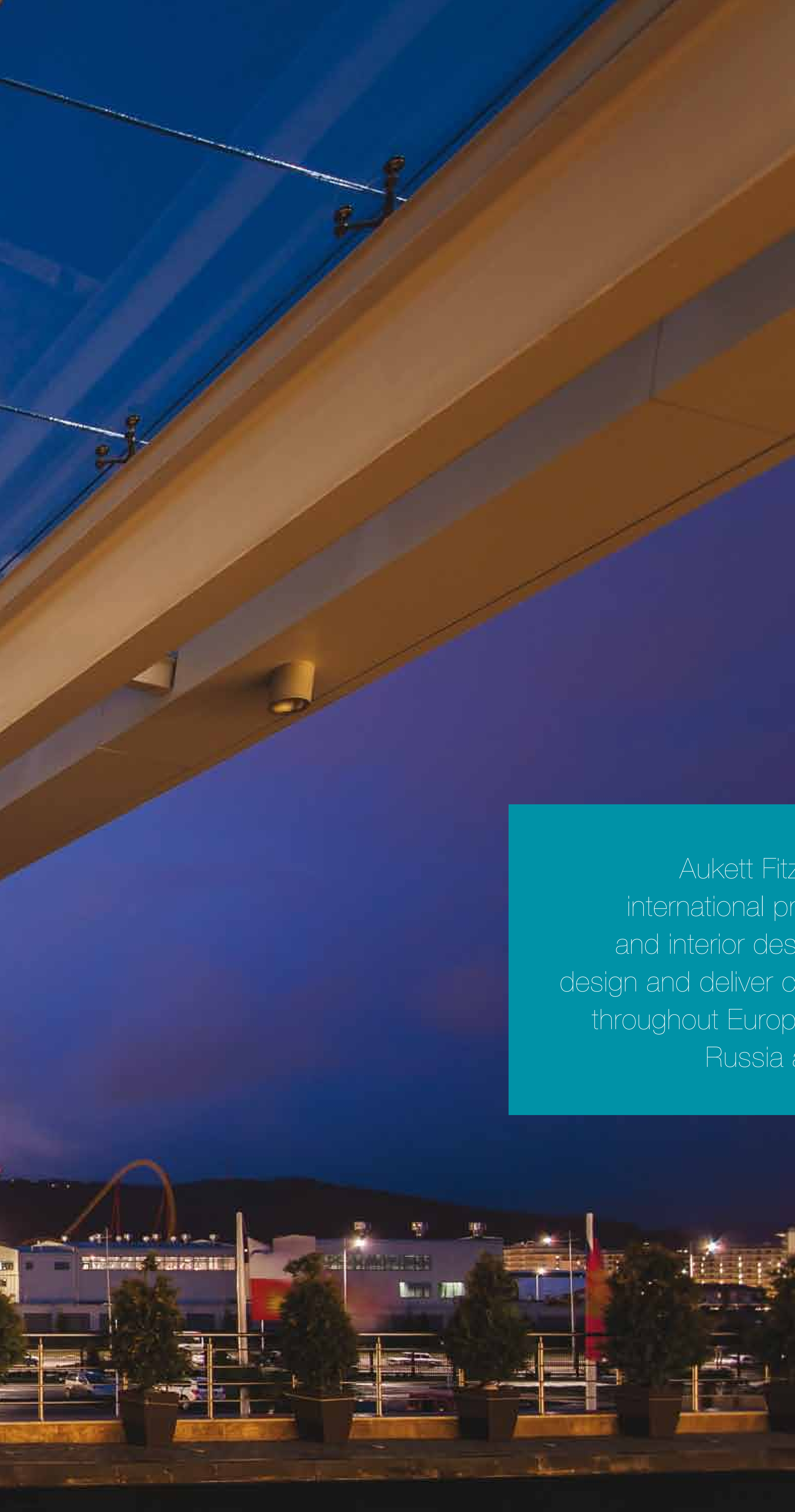
Aukett Fitzroy Robinson

AUKETT FITZROY ROBINSON GROUP PLC

Annual Report and Accounts 2013

Front cover / inside front cover: Azimut Sochi Hotel Complex, Russia
Client: Kortros



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

Our clients include...

AB DEVELOPMENTS / ADNAMS / ALDAR / AL HAMRA / ALLCON / AMP ASSET MANAGEMENT / AQUA BANK / ARUP / ASCOT UNDERWRITING / ASDA / AVAYA COMMUNICATIONS / AXA SUN LIFE / BAM / BANK OF AMERICA MERRILL LYNCH / BANK OF MOSCOW / BARCLAYS GROUP PROPERTY SERVICES / BELL HAMMER / BENCHMARK / BERMUDA HOSPITAL BOARD / BLACKSTONE / BNP PARIBAS REAL ESTATE / BNY MELLON / BOVIS LENDLEASE / BOWMER & KIRKLAND / BRITISH ENERGY / BRITISH LAND / BRUNSWICK / BSKYB / BT / BUNDESDRUCKEREI / BURO HAPPOLD / CAMBRIDGE UNIVERSITY HOSPITALS NHS TRUST / CANDY & CANDY / CAPITAL SHOPPING CENTRES / CARILLION / CARLTON CLUB / CBRE / CENTROS / CHELMSFORD CATHEDRAL / CIN LASALLE / CIS / CISCO / COMMERCIAL ESTATES / CORINTHIA GROUP / CORPORATION OF LONDON / COSTAIN / COUNTRYSIDE PROPERTIES / CREDIT SUISSE / CREST NICHOLSON / CROSSRAIL / CROWNE PLAZA HOTELS / DAIMLER CHRYSLER / DELOITTE / DEUTSCHE BANK / DEVELOPMENT SECURITIES / DGV CONSULTING / DIAGEO / DRESDNER BANK / DTC DE BEERS / DTZ DEBENHAM TIE LEUNG / DUBLIN DOCKLANDS DEVELOPMENT AUTHORITY / DUNHILL / DVLA / EDE & RAVENSCROFT / ELECTRICITY SUPPLY NOMINEES / ELI LILLY / ENDSLEIGH INSURANCE / ENGLISH PARTNERSHIPS / ERNST & YOUNG / EUROFINANCE BANK / EUROPEAN MEDICAL AGENCY / EXXON MOBIL / FENLAY / FENWICK / FIBA / FIROKA / FIRST BANK / FLEMINGS BANK / FOREIGN & COMMONWEALTH OFFICE / FUJITSU / GE CAPITAL / GERTLER / GSK / GOLDMAN SACHS / GOODMAN / GOOGLE / GOVERNMENT OF SINGAPORE / GREAT PORTLAND ESTATES / GROSVENOR / HELICAL BAR / HERON PROPERTY / HEXAL PHARMACEUTICALS / HILTON INTERNATIONAL / HOCHTIEF / HOLY TRINITY BROMPTON / HOME OFFICE IND / HOMERTON UNIVERSITY HOSPITAL NHS TRUST / HONEYWELL / HOWARD DE WALDEN ESTATES / HSBC / INFOSYS / IMPERIAL COLLEGE / ING REAL ESTATE / INSTITUTE OF PHYSICS / INTERROS / INTERSERVE / IPCC / IRAUSA UK / IRISH RAIL / ISG / JARROLD & SON / JODY SCHECKTER / JOHNSON CONTROLS / JONES LANG LASALLE / JP MORGAN / KFW BANK / KIER BUILD / KNIGHT DRAGON / KORINE PROPERTY PARTNERS / KORTOS / KPMG / LAND SECURITIES / LASALLE INVESTMENT MANAGEMENT / LE MERIDIEN / LEE VALLEY AUTHORITY / LINDEN HOMES / LONDON AND REGIONAL / LONDON ELECTRICITY / LONDON UNDERGROUND / LONG TERM CREDIT BANK OF JAPAN / M&G / MACQUARIE BANK / MARKS & SPENCER / MELLON FINANCIAL CORPORATION / MERCURY / MERKUR DEVELOPMENT / MICROSOFT / MOD / MOODY'S INVESTOR SERVICES / MORGANS HOTEL GROUP / MOUCHEL / NAPP PHARMACEUTICALS / NATIONAL GRID / NATIONS BANK / NATS / NETWORK RAIL / NICHOLSON ESTATES / NIKKO EUROPE / NORTHERN ROCK / NORWICH UNION / NOTTINGHAMSHIRE HEALTHCARE TRUST / NPOWER / ODPM / OPIN GROUP / ORBIS INVESTMENT ADVISORY / ORCHARD STREET INVESTMENTS / PALESTRA / PERESVET REGION / PFIZER / PILLAR PROPERTY INVESTMENTS / PLYSU / POLKOMTEL / PORTMAN BUILDING SOCIETY / PROLOGIS / PROVIDENCE ROW / QUINTAIN / RABOBANK / RADISSON EDWARDIAN / RADISSON BLU / RAILTRACK / RAILWAY PENSION NOMINEES / RALPH TRUSTEES / RAMBOLL / READING FC / REDEVCO / RENOVASTROY GROUP / REUTERS / RICHEMONT / RIO TINTO / ROBIN OIL / ROCCO FORTE / ROYAL BANK OF SCOTLAND / RSPB / SAATCHI & SAATCHI BATES / SAB MILLER / SAVILLS / SBERBANK / SC JOHNSON / SCALA / SCOTTISH DEVELOPMENT AGENCY / SCOTTISH WIDOWS / SEGRO / SHEFFIELD TEACHING HOSPITALS / SIEMENS / SIR ROBERT MCALPINE / SISTEMA HALS / SKANSKA / SKYPE / SPILLERS / SOUTHAMPTON SOLENT UNIVERSITY / STANDARD LIFE INVESTMENTS / ST ALPHAGE CHURCH / ST ANDREW'S URC, CANTERBURY / ST MARTIN'S PROPERTY / STEPHENSON HARWOOD / SUN MICROSYSTEMS / SUSE LINUX / SYNGENTA INTERNATIONAL / TAYLOR WIMPEY / TENKHOFF PROPERTIES / TESCO / THE LONDON CLINIC / THE MERCERS' COMPANY / THE ROYAL COLLEGE OF SURGEONS OF ENGLAND / TISHMAN SPEYER / TONSTATE / TRANSPORT FOR LONDON / TRINITY HALL / TUBE LINES / UNIVERSITY OF CAMBRIDGE / USADBA CENTER / VESTAS / VMWARE / VODAPHONE / VOREDA / VTB BANK / WATES / WELBECK LAND / WELLCOME TRUST / WELSH ASSEMBLY / WESTMINSTER CITY COUNCIL / WESTPAC / WILLIS GROUP / WORSHIPFUL COMPANY OF CORDWAINERS / WORSHIPFUL COMPANY OF GROCERS / ZENECA

Contents

The Moscow studio of Aukett Fitzroy Robinson was commissioned by Kortros (a member of the Renova Group) to masterplan the Azimut Sochi hotel and resort complex in advance of the 2014 Winter Olympics to be held in Sochi.

Aukett Fitzroy Vostok was involved at every stage of the Azimut Sochi's design cycle, from initial concept studies to working drawings and also performing the author's supervision on site during construction.

As well as these architectural services, Aukett Fitzroy Vostok directed all structural, engineering and specialist subconsultants on site.

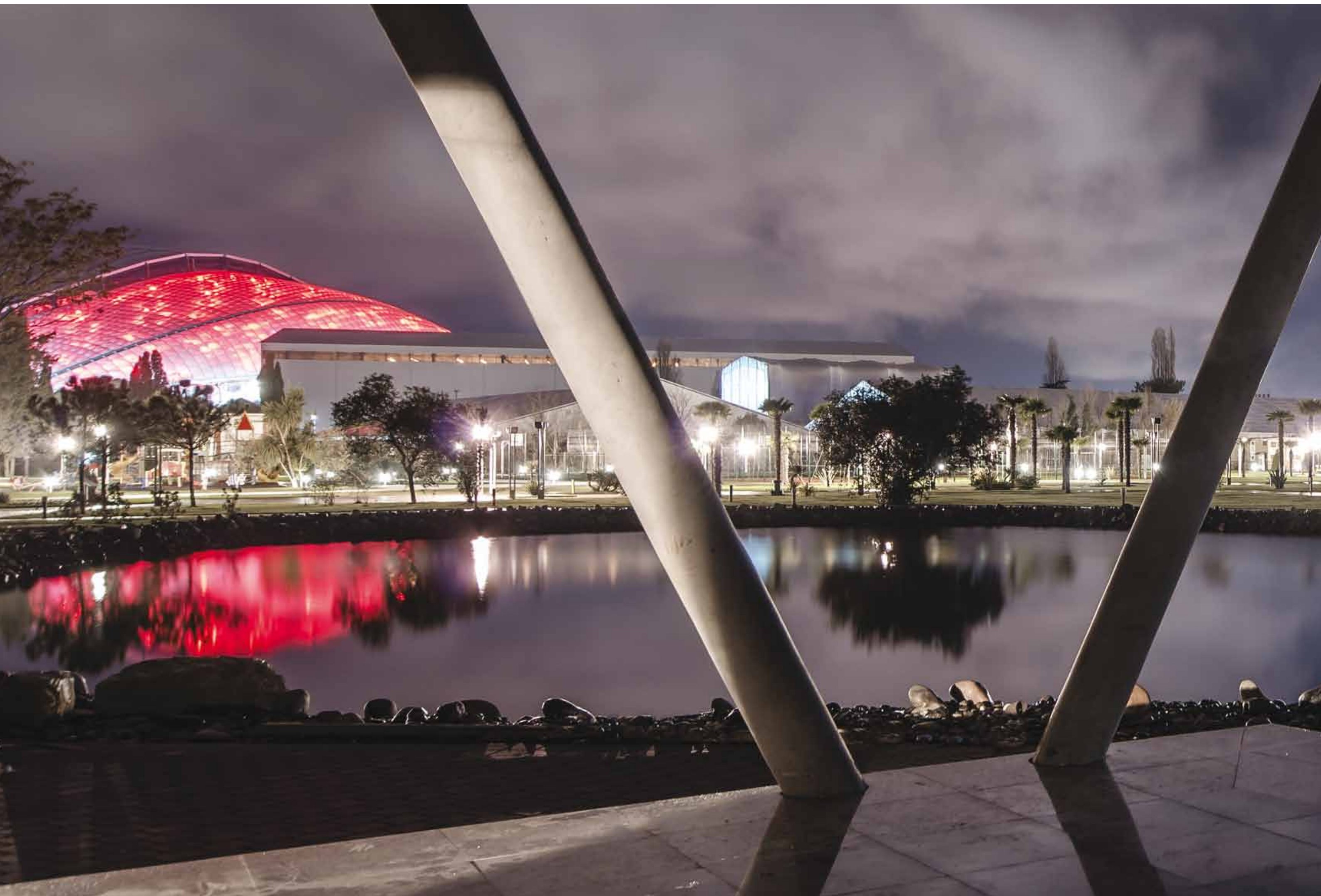
Russian oligarch Victor Vekselberg (left), Chairman of the Renova Group, accompanying Russian Prime Minister Dmitry Medvedev during construction of the project

Covering over 190,000sqm and boasting 3,600 guestrooms, the Azimut Sochi is the largest hotel complex in Europe

The first site is truly at the heart of the Olympic experience, lying directly next to the Fisht Olympic Stadium, the venue for the opening and closing ceremonies. The 4* Azimut hotel has 720 guestrooms, several bars and restaurants, a large conference centre, a covered swimming pool and a spa.

The site's remaining space is occupied by a 1,600sqm nightclub and an extensive landscaped park and lake. The hotel is separated into two distinct sections, two white modernist structures surrounded by landscaped parkland, designed to mimic the appearance of cruise liners.

The 3* Azimut hotel lies on a second site, which covers 246,000sqm on a third line back from the Black Sea. This hotel accommodates some 2,880 guest rooms throughout 12 eight-storey buildings. A number of attractions cater for visitors, including cafés, restaurants, an open theatre, kiosks and swimming pools - all surrounded by a landscaped park and a stunning promenade running alongside an artificial lake.



Azimut Sochi

Hotel Complex

. . . ready for the Winter Olympics 2014

The rooms are designed in an Olympic legacy context and will be reconfigured post-games into 40sqm apartments using the existing services and floor layouts.

Opened in December 2013, Azimut Sochi has drawn praise from the highest levels of Russian government. Deputy Prime Minister Dmitry Kozak complemented the project for meeting 'the highest standards', 'high technology' and 'compliance with all environmental requirements'.

Prime Minister Dmitry Medvedev visited the resort in August in recognition of the resort's status as the official Media Village of the Sochi Olympics.

Recent & current projects

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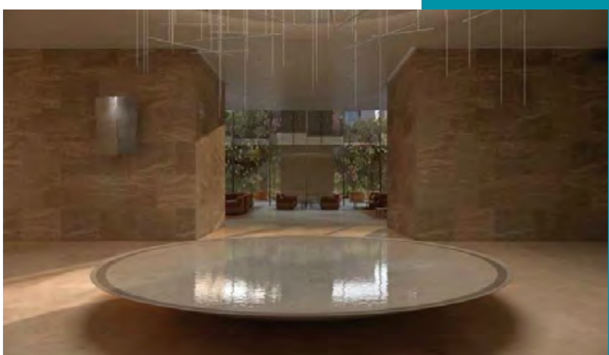

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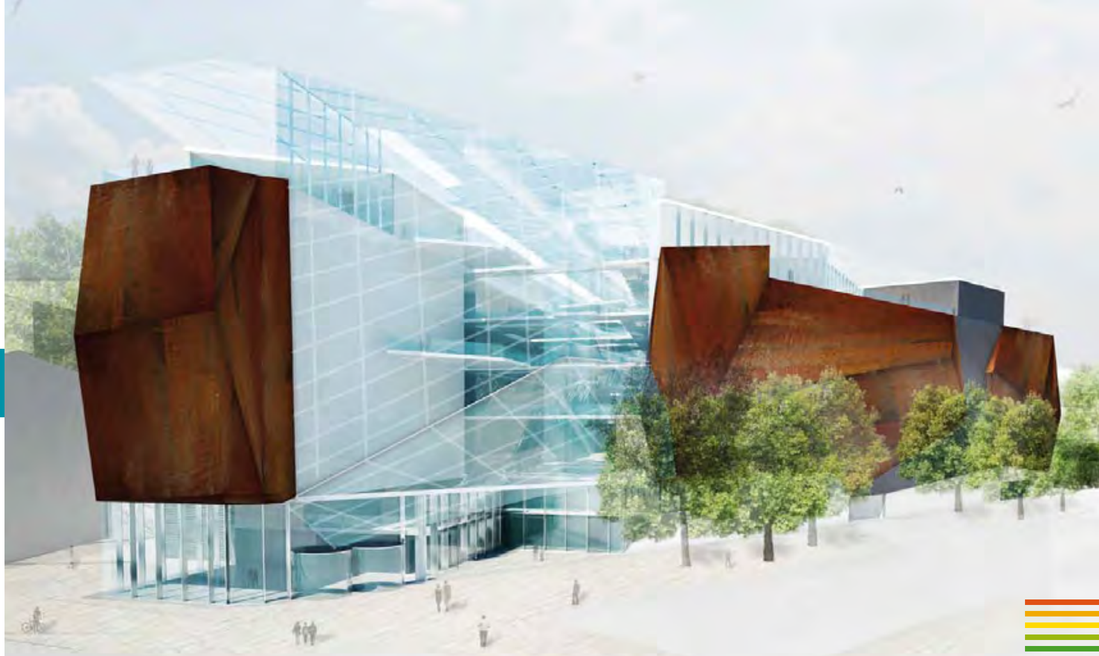
1/2 Sanderson Hotel, London
3 Retail Development, London
4 Atrium Concept, Frankfurt
5 Eastside Locks, Birmingham
6 Jewish Cultural Centre, Moscow
7 5* Hotel, Middle East


1

1 Jewish Cultural Centre, Moscow
2 Retail Regeneration, Eastern Europe
3 Technotwin Business Centre, Skolkovo
4 5* Hotel, Middle East
5 Imperial West Phase II, London
6 Microsoft Offices, Berlin
7 Eastside Locks, Birmingham
8 Skype Offices, Prague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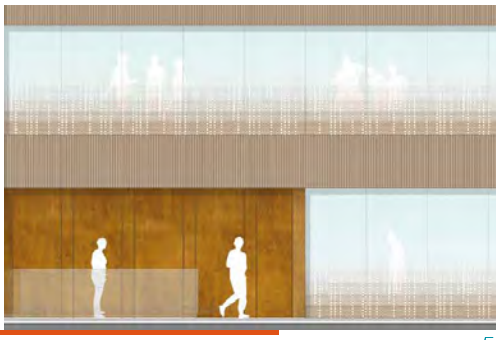
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1 Hotel Interior, Krasnoyarsk
2 Retail Regeneration, Eastern Europe
3 Eland House, London SW1
4 Mixed Use Development, West Bohemia

2

3

4

Hilton London Metropole Hotel

London W2

Phases One and Two of the Hilton brand's innovative new lobby design have now been completed. Our contemporary and efficient upgrade has increased the former lobby space by 60% and doubled the number of restaurant and bar options. Phase Two involved the installation of two double-height main entrance glass doors and creation of a brand new entrance on Harbet Road, giving guests direct access from the taxi rank. Guests now check-in at individual pod-style desks, contrasted against a striking leather feature wall.

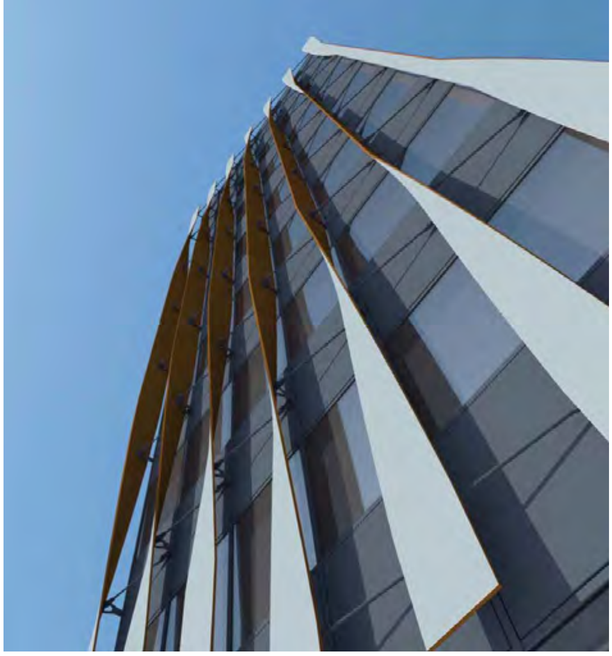
One of Europe's largest hotels has been given a makeover . . .

Colin Hobart
Director of Hotels at
Aukett Fitzroy Robinson

"Being the UK's largest conference and meetings hotel, with 1,045 keys and offering space for up to 3,000 delegates, the Hilton London Metropole is a landmark hotel in the hospitality sector.

Architecturally we wanted to create a distinct sense of arrival which matched expectations and enhanced the customer experience. Our client, The Tonstate Group - owner of the hotel, shared this vision and we are delighted with the final result."

The refurbishment was shortlisted in the 2013 European Hotel Design Awards



Construction has started on our new office campus in central Reading

The No.1 Forbury Place development will see a 185,000sqft office headquarters in Reading town centre - one of the largest speculative developments seen in the South East.

Owners M&G Real Estate and development manager Bell Hammer expect the scheme to bring central London quality to the Thames Valley.

The design is intended to be an impressively dynamic experience to fascinate visitors at every angle. The buildings' ribbon-like vertical fins will provide solar shading and their twisting appearance will create the illusion of movement for those walking past. The design also incorporates a 'diagrid', the powerful diagonal form providing unique visual branding.

The stunning double-height reception will give a preview of the high quality finishes extending throughout the building's 26,000sqft floor plates. The landscaped green spaces that border the building connect the campus with the adjacent Forbury Gardens. This is reflected on the upper floors, where green terraces provide unrivalled views across Reading.

Luke Schuberth
Managing Director
at Aukett Fitzroy Robinson

> *"A building of Forbury Place's gravitas requires striking architecture and that is precisely what we've created.*
>
> *The dynamic design of Forbury Place should serve as an inspirational catalyst, signalling the next step in office design in the South East."*

Welcome to

aukett swanke

london
abu dhabi
moscow
dubai
berlin
bratislava
frankfurt
istanbul
prague
sheffield
bogotá
bristol
são paulo
recife
southampton

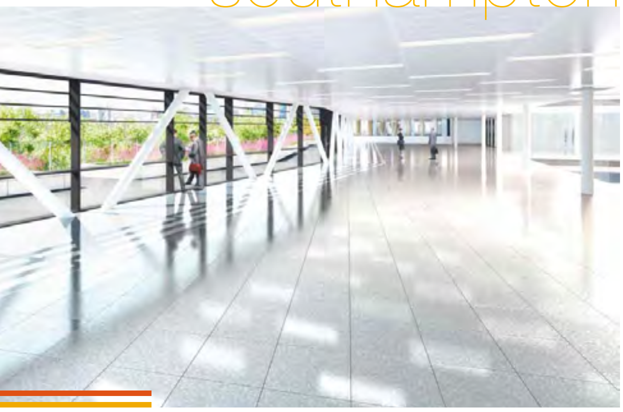
In December 2013 the merger of Aukett Fitzroy Robinson and Swanke Hayden Connell Europe was announced to form the combined studio Aukett Swanke. With a combined pedigree of over 90 years the practice will have a network of staff of over 340 in 16 offices in 8 countries: UK, Germany, Russia, Turkey, UAE, Czech Republic, Brazil and Colombia. The enhanced experience profile within the studios now includes master planning, architecture and interior design in the mixed-use, commercial office, hotels, residential, education and healthcare sectors as well as workplace consulting.

Historically comprised of a diverse cross section of international architects and designers, the firm has at least 20 different languages spoken in the London studio alone. We firmly believe that the studio diversity and our drive for collaborative excellence create unique opportunities for innovative, contextual and responsive design solutions. This makes for a practice that is genuinely international in scale, profile and constitution, but one that is also adaptable and responsive and able to meaningfully engage projects at a local level.

Nicholas Thompson
CEO of Aukett Fitzroy Robinson

“The combination of AFR and SHCE under the ‘Aukett Swanke’ brand will significantly enhance both firms’ reputations in the market place and enable us all to deliver an ever increasing quality of service to our clients in our chosen markets.

The two firms make an excellent commercial and cultural fit with complimentary services and client portfolios. The future of the merged entity can only be good for clients, staff and shareholders.”

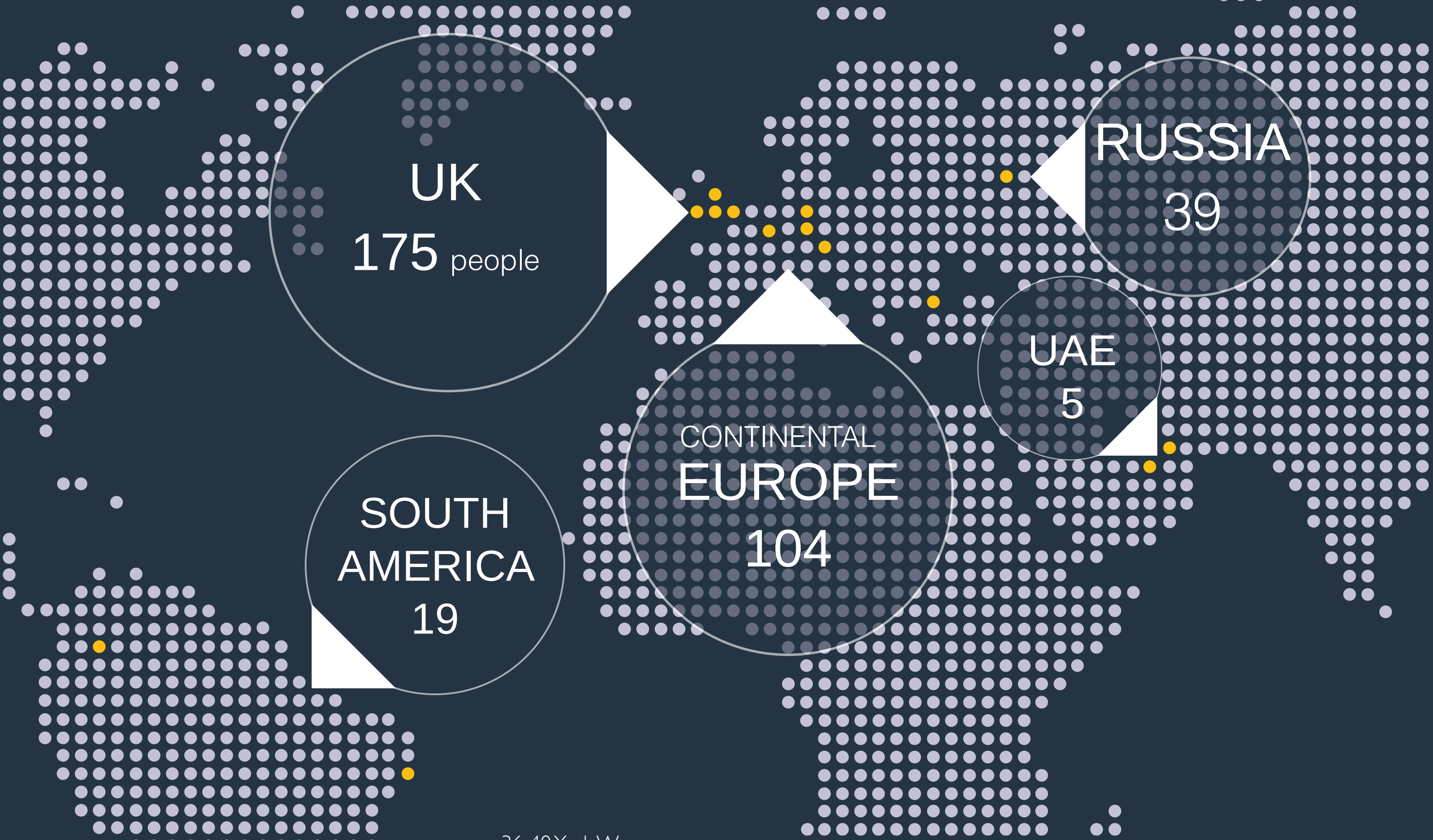


David Hughes
Executive Deputy Chairman and former CEO of SHCE

“I and my senior fee earning team are delighted to become part of Aukett Swanke.

The fit of the combined design talent of SHCE and AFR will bring a significant future benefit to the enlarged Group.”

New year, new friends



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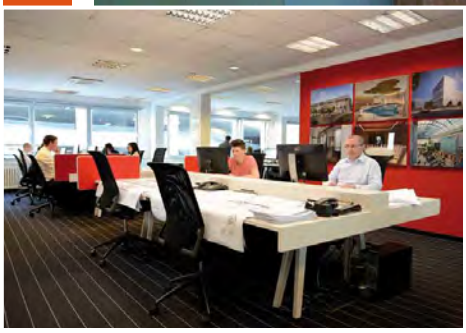
News from our studios

We've moved

Our Frankfurt and Moscow studios have moved into new accommodation, and our Berlin office has extended into new space.

FRANKFURT

MOSCOW



BERLIN

We're back in Bristol

We have agreed a new partnership with an existing local practice so we are back in Bristol.

BRISTOL

New studios

Our merger with Swanke Hayden Connell Europe has meant that our number of studios has increased to 14, with an additional UK office in Sheffield, a second office in Moscow and a new office in Istanbul, introducing our name to Turkey for the first time.

SHEFFIELD

Herbert Fitzroy Robinson Centenary

2014 marks the centenary of the birth of our founder, Herbert Fizroy Robinson, who died in 2005. He trained at the Bartlett School of Architecture in London and commenced architectural practice after the Second World War, soon becoming known to the key London developers.

He founded the practice as Fitzroy Robinson and Partners in 1956. Its reputation in the City of London was consolidated with a high profile bank for Rothschild's in the mid-sixties, followed by other headquarters buildings for Brown Shipley, Standard Chartered Bank, Manufacturers Hanover Trust, Banque Nationale de Paris, Sun Alliance and Sedgwick Forbes; the Stock Exchange and Home Office buildings as collaborations with other major architects, and the American School in London. Outside the capital, he designed three regional banks for the Bank of England in Birmingham, Manchester and Newcastle as well as the award-winning grandstand at Sandown Park.

He retired in 1986, at a time when the practice ranked as one of the largest architectural practices in western Europe, responsible for designing nearly 2,000,000sqm of office space in the City of London alone.

At work and play...

In summer 2013, for the first time, the London studio joined the 'London Architecture Football League'. The league of 12 teams has seen us competing in weekly 6-a-side games against other architecture practices including Rogers, Fosters and AHMM.

The team took the opportunity to take this team photo, which was published in Building Design magazine. Following our merger with Swanke Hayden Connell Europe, the upcoming season looks bright for Aukett Swanke both on and off the pitch.

Moving up the WA100 rankings

WA 100 2014

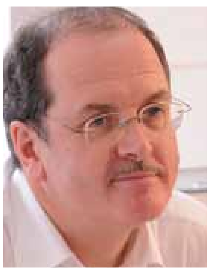
World Architecture 100 is Building Design magazine's annual survey of the world's largest practices ranked by the number of fee-earning architects they employ.

In this year's survey, Aukett Fitzroy Robinson rose 20 places from 91 to 71, and is now the 8th largest practice in the UK. This is an excellent result on the back of a year's hard work and growth.

Our new colleagues at Swanke Hayden Connell, including their US partner, were ranked 117 in this survey and on a proforma basis our combined ranking, excluding the US partner, would place us at 55 - so together we can look forward to an exciting 2014.

New faces on Plc board

We are delighted to welcome three new members to the Plc board of directors: **David Hughes** joins as Executive Deputy Chairman, and **Andrew Murdoch** and **Nick Pell** as Executive Directors. Each has considerable experience as directors of the practice, either with Aukett Fitzroy Robinson or Swanke Hayden Connell. Full details of all Plc board members can be found on pages 18-19.



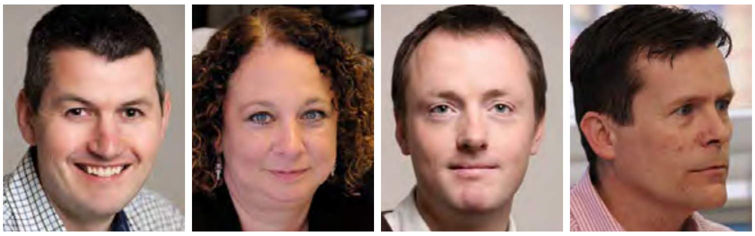
New directors

There are three new appointments: **Sharon Turner** becomes UK Managing Director - UK, joining Luke Schuberth and Suzette Vela Burkett in this role, **Bob Fry** becomes Managing Director - International and **Neil Tullis** becomes Finance Director - International. See also pages 16-17.

Key international staff

Luke Schuberth ***
Sharon Turner ***
Suzette Vela Burkett ***

Colin Hobart **
Keith Morgan **
Nick Birchall **
Neil Tullis **
Peter Eaton **
Steve Brown **



Andrew Webster *
Angela Sasso *
Daniel Winters *
Gordon McQuade *
Karen Beaty-Pownall *
Maurice Van Eijs *
Tom Alexander *

London

Abi Van Hoorebeek *

Sheffield

Stephen Atkinson **
Ronnie Rennoldson **
Craig Bennett **

Bristol

Christian Morris **

Southampton

*** Managing Director
** Director
* Head of Office / Sector Director / Studio Principal

Robert Fry ***

International



Mikhail Mandrigin ***
Tom Nugent **
Alex Nikulshkin *

Moscow

Stephen Embley ***

Abu Dhabi / Dubai

Burcu Senparlak **

Istanbul

Lutz Heese ***

German Partner

Andrew Henning Jones **

Berlin

Marcus Dietzsch **

Frankfurt


Jana Lehotská **
Tomás Vorel **

Prague / Bratislava

Raul Curiel **

South America / Sao Paulo

Gustavo Ríos Truque **

Bogota



Ana Amélia Velloso **
Gisele Melo de Carvalho **
Roberta Pessoa de Melo Martins **

Recife

Board of Directors

Anthony Simmonds

Non-Executive Chairman *+#
BA(Hons) FCA FCCA Aged 69

Anthony joined Aukett Fitzroy Robinson as a non-executive director in 2009 and was appointed Non-Executive Chairman in March 2012. 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 and is experienced in the strategic development of businesses and the management of financial risk.

Nicholas Thompson

Chief Executive Officer #
BSc(Hons) MBA ACMA Aged 59

Nicholas is Aukett Fitzroy Robinson's CEO having originally joined Fitzroy Robinson in 1994. He holds a Masters Degree in Business Administration from City University and currently sits on the Cass MBA Advisory Board. He is also a qualified accountant and has a degree from Bath University. During his career Nicholas led the finance team of Bernard Thorpe, a major UK surveying practice, to create what later became DTZ; and, followed this by leading the merger negotiations as Managing Director of Fitzroy Robinson to create Aukett Fitzroy Robinson. He recently led the team in the acquisition of Swanke Hayden Connell Europe to form 'Aukett Swanke' a new brand in the market.

Duncan Harper

Group Finance Director & Company Secretary
BA(Hons) ACA Aged 41

Duncan joined Aukett Fitzroy Robinson in 2007 as Group Finance Director. He qualified as a chartered accountant with Coopers & Lybrand in 1996, leaving the merged PricewaterhouseCoopers 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.

David Hughes

Executive Deputy Chairman
BA DipArch RIBA Aged 59

David was appointed to the board in December 2013 upon the acquisition of Swanke Hayden Connell Europe, where he was Chief Executive. He has managed their geographical expansion in Europe, adding studios in Istanbul, Sheffield and Moscow and expanded their design base to include healthcare, education and residential design. David graduated from Sheffield University, and is an architect with broad experience in a range of building types. His career includes the restoration and redevelopment of Alexandra Palace in London and the technical co-ordination of several buildings within the prestigious Broadgate development in London for Rosehaugh Stanhope. David has managed both new build projects and fit-outs and is recognised for his experience and expertise with his opinion often sought as an expert witness.

John Vincent

Executive Director

DipArch RIBA Aged 67

John is a qualified architect who joined Fitzroy Robinson in 1980. He was Managing Director of the group's UK operations between 2005 and 2012, and was appointed to the board in 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.

Executive Director #

MA RIBA Aged 64

Andrew Murdoch

Andrew is a qualified architect who joined Fitzroy Robinson in 1984. He was Chairman of Fitzroy Robinson in the 1990s, and was appointed to the board in December 2013. He is architect to a number of significant buildings in London's West End and the UK regions, and has a strong and enduring client following. His work includes the flagship Fenwick store in Bond Street, the Home of Alfred Dunhill in Mayfair, and the refurbishment of the Royal Exchange in the City. Andrew sat on the board of management of the British Council of Offices for 12 years and regularly chairs design reviews of recent office buildings for them.

Nick Pell

Executive Director

BA(Hons) Aged 52

Nick was appointed to the board in December 2013 upon the acquisition of Swanke Hayden Connell Europe and is International Interior Design Director. He has over 20 years of experience designing interiors projects across Europe having graduated from Kingston Polytechnic. Nick has established a reputation for designing creative interior solutions for a wide range of project types - hotels, restaurants, retail banks, residential, leisure facilities and commercial office space, and he has led the design direction of several award-winning projects. His projects are wide-ranging, including the British Council for Offices Award-winning VISA HQ fit-out, and an experimental hotel pilot project.

Board committees
* Member of the audit committee chaired by Anthony Simmonds
\+ Member of the remuneration committee chaired by Anthony Simmonds
\# Member of the nomination committee chaired by Anthony Simmonds

Chairman's Statement

"*I am delighted* to report the continuation of our successful return to profitability with our result for the year ended 30 September 2013 being ahead of expectations. The group's profit before tax was £550,000 (2012: £210,000) on revenues that dipped slightly to £8.41m (2012: £9.15m). Earnings per share continue to improve at 0.26 pence per share (2012: 0.08 pence per share). With our cash balances rising we were able to return to the payment of a dividend for the first time in five years, an objective we have aspired to for some time. All of this is encouraging news and reflects the considerable achievements within the business.

This year brings a change to our annual report with the mandatory introduction of a strategic report. This report comprises five sections of which two, on strategy and business model, whilst not obligatory for AIM companies, have been included as the board believes that it better enables the reader to understand the background to our performance.

Our strategic report identifies M&A activity as a mechanism by which we can achieve our operating objectives and I am therefore extremely pleased to be able to report that we acquired the entire issued share capital of Swanke Hayden Connell Europe Limited on 18 December 2013. By doing this we have considerably enhanced the group's future prospects and its ability to meet its key objective of increasing shareholder value. Swanke Hayden Connell Europe is a well-regarded brand in the architectural and interior design market place and the merger of our two companies will provide a new and exciting creative design offer under our new brand 'Aukett Swanke'.

In that regard I would like to thank the management teams of both Aukett Fitzroy Robinson and Swanke Hayden Connell Europe in diligently completing what proved to be a lengthy process that had a successful outcome.

With this move we have taken steps to broaden board membership and I am delighted to welcome Andrew Murdoch, a senior director within the UK operation of Aukett Fitzroy Robinson, along with David Hughes and Nick Pell both of Swanke Hayden Connell Europe, to the board. I look forward to working with the new team.

As is customary I would also convey my thanks to all staff throughout our network for their hard work during the year in making these results possible and which provides a positive foundation for the year ahead.

The economies in our major client markets of the UK, Russia, Germany and the Middle East are all steadily improving, and with an increasingly favourable construction sector I remain confident about the group's future."

Anthony Simmonds
Non-Executive Chairman

17 January 2014

Financial highlights

- Profit before tax from continuing operations
  up 162% to £550,000 (2012: £210,000)

- Earnings per share from continuing operations of
  0.26p (2012: 0.08p)

- Significant second half recovery
  in UK performance continuing into 2014 with a strong order book

- Profit contribution from all joint ventures and associates

- Net funds of over £1m at 30 September 2013

- RIBA Award for flagship sustainable retail store
  in North West England

- Resumption of dividend payments in December 2013

- Acquisition of Swanke Hayden Connell Europe
  in December 2013

Nicholas Thompson
CEO of Aukett Fitzroy Robinson

"Our performance in 2013 reflects a continuation of our recovery plans which have enabled us to move to a more strategic platform going forward as evidenced by our recent acquisition and creation of 'Aukett Swanke' for 2014."

Five year summary

Years ending 30 September Continuing operations	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Revenue	8,406	9,150	8,617	6,618	13,602
Revenue less sub consultant costs	7,116	6,744	5,934	5,998	10,161
Profit / (Loss) before tax	550	210	(1,205)	(789)	(1,668)
Basic earnings / (losses) per share (p)	0.26	0.08	(0.64)	(0.40)	(0.84)
Dividends per share (p)	-	-	-	-	0.11
Net assets	3,029	2,652	2,689	3,804	4,389
Net funds	1,080	326	318	139	(1,393)

Corporate information

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Auditors
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Financial public relations
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Website
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Nominated adviser and broker
FinnCap
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Bankers
Coutts & Co
www.coutts.com

Trade public relations
M&N Place
www.mnplace.co.uk

Solicitors
Fox Williams
www.foxwilliams.com

Strategic report

The directors present their strategic report on the group for the year ended 30 September 2013.

Introduction

The requirement for a strategic report was introduced for all accounting periods ending on or after 30 September 2013, and therefore this annual report is one of the first to comply with the new requirement.

The strategic report comprises five sections, namely; The group's objectives, the group's strategy, the group's business model, a review of the group's business using key performance indicators, and the principal risks and uncertainties facing the business.

As noted in the Chairman's Statement, we have included the first two sections which, although not obligatory for AIM companies, the Board believes better enables the reader to understand the background to our performance. The last two sections were formerly included in the directors' report.

Objectives

The group has two main objectives. The first is to create shareholder value. This is in the context of a longer term scenario reflecting the cyclical nature of our market place. The second is design excellence in all that we do for our clients which is at the core of our values.

Strategy

Having operated in different geographical locations on numerous projects with successive generations of staff, AFR's current structure has developed according to historical events. Its strategy today still reflects that former development as it forms an important part of our track record in client markets, especially in overseas territories. Additionally relationships that have been nurtured over many years continue to have significant influence over our workload and opportunities that present themselves. Therefore in part our strategy must always follow our client base and those activities in which we are seen to have a particular or unique skill set.

In most recent years our strategy has been beholden to the vagaries of the general economic downturn when a number of long term clients temporarily left their market due to value reductions and the need to provide greater risk capital per project as bank funding became less available. Our focus was then more on core staff retention and cash flow survival than growth and profitability.

With much of this negative context behind us, we have re-engaged with our longer-term goals of growth through recruitment and retention of skilled individuals. This is an essential ingredient to revenue increases, international expansion of our office network and a return to progressive profits and dividends.

The current business plan for AFR has four financial goals: to increase top line annual revenue above £10m (and above £15m by end of 2014), to achieve sustainable annual pre-tax profit in excess of £1m, to maintain the share price above 5 pence per share, and to maintain our dividend policy. Much progress has now been made towards achieving these goals.

Whilst AFR has an overall strategy, the delivery of this is very much incorporated in the business plans of its local operations. Therefore AFR's strategy is based around the three wholly owned operations in London, Moscow and Abu Dhabi / Dubai, the group's strategic hubs. The base strategy of each strategic hub is long-term presence and client retention in order to sustain an economically viable studio in each location. The longer established studios have a clear advantage in this respect.

Our joint ventures and associate are effective contributors to our strategy as they supply the dynamic of size and international presence but with the group having a much reduced financial exposure. The move from a wholly-owned subsidiary to a joint venture by the Prague operation is testament to this. Recent market weakness would have resulted in a corporate decision to close the operation, whereas with local management commitment we have restored it to profitability.

Finally, where offices are no longer economically viable for the group (due to size in relation to management commitment) or where there is perceived to be an opportunity but a lack of risk investment we have used a low cost strategy of licensing our name for a fee to suitable partners. This has been used successfully to retain our presence in both Bristol and Southampton, where we once had wholly owned studios, and in South America to initially put 'flags in the ground'.

Our current strategy is to return all operations to a sustainable size and expand though organic growth in our three strategic hubs. This may take the form of acquisition should opportunities arise. Acquisition strategy in architecture and design is more difficult than in other professional services as practices tend to fragment rather than coalesce in times of growth or contraction leading to an opportunistic approach to M&A.

Swanke Hayden Connell Europe acquisition

With non-organic growth opportunities being an elusive element in our strategy it was a welcome and positive step to find a merger partner in Swanke Hayden Connell Europe with whom a deal was completed shortly after the year end.

This European firm has its roots on the East Coast of the United States and pedigree going back over a hundred years. It is one of the most highly regarded design firms for both architecture and interior design having completed numerous projects from its studios in UK, Russia and Turkey.

Management sees a very strong cultural fit and common design ethos between the practices with the internal integration process expected to be both seamless and project generative enabling the enlarged group to build upon its current staff base. Job losses are not expected although there should be property savings in due course, which will be partly offset by integration costs in relation to enhancing onto common IT operating systems.

The enlarged group now comprises sixteen studios in eight countries with:

- Eight wholly owned studios in the UK, Russia, Turkey and the UAE;
- Three partly owned operations in Germany and the Czech Republic; and
- Five licensees in the UK, Brazil and Colombia.

The pro forma combined revenues of all these operations is approximately £26m with a staff of over 340. Of these, 95 staff come from the former Swanke Hayden Connell Europe business.

Business model

AFR's business model is based on "client markets" which can be identified as a property type within a particular geography that is held by a client body whether it is public, private or institutional in nature. Client markets come in many forms but would be generally understood as either a property company owning a building or land site, or a tenant occupying a property, in a specific location.

To be effective in its chosen client markets AFR needs to have the right resources (people with appropriate skills and technical qualifications) and appropriate knowledge (project delivery track record) along with the necessary credentials to carry out the project (planning and local authority experience in that location). It is the strength of the inter-relationship of these factors that determines how successful AFR will be in winning future work. In addition to this combination the client interface that manifests itself in personal relationships is a vital ingredient in both retaining our market position and creating new client markets.

In order to maintain our business model over time, design excellence in both concept and delivery aspects of our project work is essential. As we evolve this design skill set needs to be retained in successive generations, which is accomplished through continuing professional development and other forms of training coupled with career development and retention programmes.

With the people factor being an essential prerequisite for success, the monitoring of staff numbers and their qualifications is vital to success and therefore we enter most league ranking tables for comparative purposes. Currently we are 71 (2012: 91) in the World Architecture 100 published by Building Design which makes AFR the eighth largest UK based practice. Additionally we monitor revenue per head of technical staff to ensure the efficient use of resources around the group operations.

Price always place a part in this mix but this is tempered by operating in client markets where there is less competition due to a lack of all three factors being present in other firms and avoiding high levels of speculative work that is a feature of either a market with low activity levels or too many players due to the simplicity of the project type.

Consequently AFR operates in fewer markets than it might otherwise do and endeavours to strengthen its position in these markets by enhancing its skills and focusing on repeat business opportunities. Early validation of AFR's chances of success in any particular project opportunity negates a large element of abortive work and enables more of our limited resources to be spent on the most promising opportunities.

Business review

Summary of overall group financial performance

AFR has performed well in the current financial year in comparison to the past four financial years. However, there remains some way to go in realising the group's potential despite the 162% rise in pre-tax profits during 2013.

Whilst revenue fell 8% during the year to £8.41m (2012: £9.15m), revenues less sub consultant costs increased by 6% to £7.12m (2012: £6.74m). With historic cost reduction programmes continuing to be effective, pre-tax profits rose to £550,000 (2012: £210,000). Underlying profit before a goodwill impairment provision of £125,000 was over three times higher at £675,000. This very good result has enabled the group to recommence dividend payments.

The majority of this year's trading improvement came about from a substantial second half uplift in UK revenue, but this in turn was tempered by poor performances in both Russia and the Middle East. We have, however, continued to see a significant and growing contribution from our partly owned European operations.

In terms of architectural success, the group has won a number of awards this year, led very much by a major new flagship retail store at Cheshire Oaks in Northern England. The design has won numerous awards, and in particular a RIBA North West Award, which then included the building in the long list for RIBA's prestigious Stirling Prize. More recently it has also been acclaimed for its efficiency by beating its use of energy targets by a staggering 33%. Additionally we won awards for 123 Victoria Street in London for Land Securities and best office building in the Moscow Awards for our design of 1,000,000 sq ft of recently completed new offices on Leningradsky Prospekt.

On the staff front we have increased the number of employees in the group including recruiting a large number of post graduate architectural assistants with a view to them qualifying as fully registered architects with us in due course. This will reinvigorate the business as local markets return to pre-recession levels of activity.

As a result of considerable cash being generated, net funds rose to £1.08m (2012: £0.33m) and, with a more confident outlook, the board recommenced dividend payments with a 0.01p per share dividend being paid in December 2013.

Segmental analysis of financial performance

The group's operations comprise three wholly owned operations together with three partly owned operations (an associate and two joint ventures).

The three wholly owned operations are in the UK, Russia and the Middle East, each of which is a separate geographical segment. These are known as our strategic hubs as it is from these three locations that we base our future growth plans.

It is therefore essential to the group that investment is maintained in each of these locations whether it be in carrying base costs in the absence of sufficient current revenue, additional working capital to support expansion from new project instructions, or improving the quality of the working environment in terms of staff training and welfare or technical support through IT and associated systems.

The three partly owned operations are in Berlin, Frankfurt, and Prague, and together form a single geographical segment.

The financial performance of each operation is outlined below with the assistance of key performance indicators.

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 United Kingdom the operations usually act as general designer and utilise sub consultants to provide additional design services such as structural and mechanical engineering.

The key performance indicators used within the group for assessing financial performance are:

- Revenue less sub consultant costs which reflects the revenue generated by our own technical staff but excludes the revenue attributable to sub consultants;
- The revenue less sub consultant costs being generated per full time equivalent technical member of staff. For our larger operations this provides a barometer of near term efficiency and financial health. This figure when compared to the movement in total costs provides an insight into the likely direction of profitability; and
- Profit before taxation.

The numbers of full time equivalent technical members of staff differs from the employee numbers disclosed in note 7 to the financial statements since the group uses some non employed workers through agencies and freelance contracts, and some staff work part-time or have been on maternity leave.

United Kingdom

	2013 £'000	2012 £'000	2011 £'000
Revenue less sub consultant costs	6,083	5,034	4,743
FTE technical staff (number)	56	53	56
Per FTE technical staff	109	95	85
Operating costs	(5,122)	(4,996)	(5,929)
Profit before tax	961	38	(1,186)

As stated above the UK is at the core of our group. This year the UK has outperformed its targets for the year in terms of revenue, profitability and recruitment. Year on year revenues less sub consultant costs have increased by 21% to £6.08m (2012: £5.03m). Profits by comparison increased substantially from £127,000 in the first half to £961,000 for the full year (2012: £38,000) and allowed the operation to start the slow re-instatement of remuneration waivers in the second half and for bonuses to be paid, the first for some considerable time. Staff recruitment was high on the agenda during the second half, with the monthly number of FTE technical staff rising from 44 in February 2013 to 78 in September 2013.

Fourteen clients provided nearly 75% of the UK revenue reflecting the spread of project workload. Five projects reached the site phase including The Adelphi Building refurbishment for Blackstone, 125 Wood Street in the City for Orchard Street with Veretec (our executive delivery subsidiary) having three projects including an on-going instruction for Sir Robert McAlpine on De Vere Gardens in Kensington, The Turnmill in Farringdon for McLaren and 1A Page Street in Westminster for BAM.

Four projects are currently at the pre-tender stage including phase 1 of Forbury Place Reading for M&G Real Estate and our second building for Imperial College at Imperial West on their new West of London campus. There were a further six major schemes in the planning process by the year end including two schemes each for Development Securities and Goodman, all four of which were outside of London. There were also a number of projects in both the hotel / hotel interior sector, including projects for Tonstate and Morgans Hotels, and in the high end retail sector.

Russia

	2013 £'000	2012 £'000	2011 £'000
Revenue less sub consultant costs	781	1,314	1,183
FTE technical staff (number)	18	28	17
Per FTE technical staff	43	47	70
Operating costs	(1,051)	(1,256)	(991)
Profit before tax (before impairment)	(270)	58	192

Russia had a very poor start to the year, losing £245,000 in the first half of the year, with two expected major projects not commencing leading to a loss of the team built up for our 3,600 key hotel project in Sochi for the 2014 Winter Olympics which completed satisfactorily by the year end.

Whilst some new projects and studies were won in the second half, including work on a new Jewish Cultural Centre just outside of Moscow and a concept office in Skolkovo, these were insufficient in both number and revenue to return the operation to profitability, and the operation lost a further £25,000 in second half bringing the full year loss before impairment to £270,000 (2012: profit of 58,000) on a dramatically reduced revenue less sub consultant costs of £0.78m (2012: £1.31m).

With the first quarter of the new financial year expected to be loss making, and as a result of the required impairment review, a decision was taken to make an impairment provision in 2013 against half of the goodwill attributed to the operation.

Careful cash management ensured that the operation continued to be self-funding and since the year end it has now won a major hotel instruction in Stavropol along with other smaller projects. This should reduce the group's exposure in 2014 and it is hoped restore modest profitability by the second half.

Middle East

	2013 £'000	2012 £'000	2011 £'000
Revenue less sub consultant costs	252	396	8
Operating costs	(384)	(352)	(224)
Profit before tax	(132)	44	(216)

Having lifted expectations in 2012 by achieving £396,000 of revenue less sub consultant costs, it was disappointing to finish the year with a drop of 36% to £252,000. The resulting loss of £132,000 (2012: profit of £44,000) was therefore not un-expected.

However, the final quarter saw our appointment to a major commission from Majid Al Futtaim, a significant Dubai developer, so we now have a more reliable revenue stream for 2014. Additionally we are now part of a preferred developer team for a number of retail led schemes in Abu Dhabi.

We remain committed to the region as a strategic location in our longer term international plans for growth. However, in the short term we are hampered by our local size and ability to manage only a small number of commissions in comparison to the rest of the group. Our strategy is to resolve this encumbrance of size in order to realise the potential of this operation.

Continental Europe

As joint ventures or associates, the results of these operations are included in the financial statements as our share of after tax profits. However in order to provide a more insightful view of the true size and scale of each operation the figures shown below are 100% values.

Berlin

100% figures in which the group has a 25% share	2013 £'000	2012 £'000	2011 £'000
Revenue less sub consultant costs	4,096	3,436	2,240
FTE technical staff (number)	48	44	30
Per FTE technical staff	85	78	75
Operating costs	(2,756)	(2,376)	(1,824)
Profit before tax	1,340	1,060	416

The continuing success of our 25% owned Berlin associate has seen another uplift in its revenue less sub consultant costs to £4.10m (2012: £3.44m). Coupled with tight cost control this has resulted in its profits before tax increasing to £1.34m (2012: £1.06m).

The operation is now seen as the preferred partner on many local projects, which includes commissions from Siemens, KFW Bank, and the Bundesdruckerei (the German state security printers). With an active construction market in Berlin we see a steady performance over the coming years with staff numbers remaining high to undertake the continuing workload.

At present the operation is at an optimum size for the local market and produces a twice yearly dividend. The strategy remains to focus on repeat business and investment return.

Frankfurt

100% figures in which the group has a 50% share	2013 £'000	2012 £'000	2011 £'000
Revenue less sub consultant costs	496	348	516
Operating costs	(438)	(376)	(426)
Profit before tax	58	(28)	90

Our 50% owned Frankfurt operation has had a fluctuating profit history in recent years, but now appears to be more stable at a higher revenue level. It returned to profit in 2013 helped by a strong fourth quarter. Its revenue less sub consultant costs rose to £496,000 from £348,000 generating a profit before tax of £58,000 (2012: loss of £28,000).

This performance came from a series of fit-out instructions from JP Morgan, Jaguar Land Rover and Microsoft showing both the high quality client base of the operation and the scaling up of project size. The Frankfurt area has little in the way of new architectural projects and we have adapted to be one of a number of specialist practices in the office fit-out arena.

Having relocated the studio to more modern premises, and with a strong client base, we see growth being achieved over the next two years.

Prague

100% figures in which the group now has a 50% share	2013 £'000	2012 £'000	2011 £'000
Revenue less sub consultant costs	308	313	373
Operating costs	(296)	(321)	(397)
Profit / (loss) before tax	12	(8)	(24)

The operation in Prague, which became a 50% joint venture with local management in September 2012, has suffered from a market with falling GDP, political distress with no political leadership, and consequent lack of market activity. Not surprisingly there has been a decline in property construction starts.

Against this background local management has reduced labour costs including those of the directors and this has enabled it to achieve a small but worthwhile profit of £12,000 (2012: loss of £8,000) on revenues less sub consultant costs of £308,000 (2012: £313,000).

The studio has excellent design capability, and the group is actively pursuing new ways of working to retain this skill set, and aid a return to longer term profitability in Prague.

Group costs

Group costs, which comprise those costs attributed to the corporate activities of the parent rather than the individual operations, rose to £144,000 (2012: £98,000) reflecting costs incurred in relation to the acquisition of Swanke Hayden Connell Europe Ltd, which were written off as incurred.

Financial position

In monitoring the financial position of the group the directors look principally at the net investment in project working capital together with the financing available to the business through capital and reserves, and cash and debt facilities.

Project working capital

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.

	2013 £'000	2012 £'000	2011 £'000
Net trade receivables	2,668	1,645	1,849
Amounts due from customers for contract work	277	389	967
Advances received from customers for contract work	(2,065)	(912)	(970)
Project working capital	880	1,122	1,846

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

- In the United Kingdom 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 Russia it is usual for the project to be divided into contractual work stages. At the start of each stage a deposit is received from the client but no further amounts are received until the stage, or sub stage, is fully completed; and
- In the Middle East it is usual to bill clients monthly, but the value of the monthly invoices raised is dependent upon demonstrating specific progress from the work performed, which generally leads to higher levels of amounts due from customers for contract work.

The most significant change during the past year has been the increases in both trade receivables and advances received from customers for contract work. Both these have occurred principally in the UK operation reflecting the growth in revenue during the second half of the year together with having a relatively high proportion of projects in their planning stages where progress billings usually exceed revenue recognised.

Financing

The group's debt comprises just the remainder of a ten year amortising bank loan where the final instalment is due to be repaid during 2015. There are no drawings under the bank overdraft facility so the net funds position is simply cash less the bank loan.

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

	2013 £'000	2012 £'000	2011 £'000
Net funds	1,080	326	318
Total equity	3,029	2,652	2,689
Net gearing	Nil	Nil	Nil

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.

As explained in the directors' report, the payment of dividends has recommenced.

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

Outlook

The net assets of the group increased during the year by £0.38m to £3.03m, principally as a result of the retained post-tax profits. After deducting the outstanding bank loan, the group had net funds of £1.08m (2012: £0.32m) at the year end.

Although there is a significant pipeline of future potential revenue, particularly in the UK, short term visibility three to six months forward can be unclear due to uncertainty of timing of client instructions to commence each new stage of projects.

Whilst the UK operation has a significant portfolio of projects, the Russian and Middle East operations tend to have a smaller number of large projects, giving those operations greater susceptibility to a lumpy workload. Thus a forward schedule of secured work against budget is a key ratio.

	2014	2013	2012
Percentage of budgeted workload secured at the start of the financial year	48%	28%	45%

The substantial percentage of budgeted workload secured at the start of the new financial year helps provide confidence that the recovery in profitability will continue, and that recently reinstated dividend payments can be maintained.

Principal risks and uncertainties

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

Levels of property development activity

Changes in development activity levels have a direct impact on the number of projects that are available. These changes can be identified by rises and falls in overall GDP, construction output, planning application submissions, construction tenders and starts, and investment into the property sector. Not all of this information is available in each market place and so we have to adapt to the information flow that is available.

In addressing this risk the group considers which markets and which clients to focus upon based on the strength of their financial covenant so there is clear ability to provide both project seed capital and geared funding to complete the delivery process. This avoids the dual risk of delays between stages during projects and deferrals of projects.

Operational gearing and 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.

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

The group's principal bankers have been supportive during the economic downturn and again in December 2013 renewed the group's facilities for a further year.

Where possible, AFR deploys three strategies to help reduce operational gearing.

First the group has a well-developed staffing plan which flexes the total number of staff using a combination of permanent employees, temporary employees, agency staff, and freelance staff as applicable to each legal jurisdiction; and in so doing matches resources to fee paying work as closely as possible, sometimes linking staff retention directly to specific projects.

Second the group can sub-let or licence occupation part of its property space to other property related professional services businesses to offset part of the cost.

Lastly the group seeks flexible contract terms with major supplies such that certain costs can be suspended during times of economic difficulty.

Staff skills and retention

Our business model relies upon a certain standard and number of skilled individuals based on qualifications and project track record. Failure to retain such skills makes the strategies of the group difficult to achieve.

The group regularly conducts external surveys to ensure that salaries and benefits are appropriately comparable to market levels and endeavours to provide a pleasant working environment for staff to work in. In the past year our studios in Moscow, Frankfurt and Prague have all moved to newly fitted out premises and in Berlin the existing premises have been expanded.

We provide staff training programmes and education assistance, including helping our professionally qualified staff comply with their continuing professional development obligations. Training programmes take various forms including external courses and external speakers.

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 UK operation is registered under ISO 9001 which reflects the quality of the internal systems under which we work. As part of these registrations an external assessor undertakes regular compliance reviews. In addition, as part of its service to members, the mutual which provides professional indemnity insurance to the UK and Middle East operations, undertakes annual quality control assessments.

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

Contract pricing

All markets where near perfect competition applies are subject to downward pricing pressures as a result of wide spectrum of available suppliers to each project. This pressure is increased if activity levels are low such as in the recent economic downturn and global recession. Additionally architects may be under pressure to work without fees (for a time) in order to win a project or retain sufficient qualified staff to complete the project if won. AFR mitigates this risk by focusing on markets where it has clear skills that are well above average or avoiding it by not lowering prices and thus risking the loss of such work. This has proved to have been a sensible approach in the recent downturn as the recession lasted much longer than most commentators expected.

Additionally, all fee proposals to clients are prepared by experienced practice directors who will be responsible for the delivery of the projects. Fee proposals are based on appropriate due diligence regarding the scope and nature of the project, knowledge of similar projects previously undertaken by the group, and estimates of the resources necessary to deliver the project. Fee proposals for larger projects are subject to review and approval by senior group management, and caveats are included where appropriate.

When acting as general designer for projects located outside the UK, the group is usually exposed to the risk of actual sub consultant costs varying from those anticipated when the overall fee was agreed with the client. To mitigate this risk, fee proposals are usually sought from sub consultants covering the major design disciplines as part of the process of preparing the overall fee proposal.

Overseas diversification

The group continues to derive a proportion of its revenues from projects located outside the UK, 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 UK which may significantly increase the risks to the group. To mitigate these risks:

- The group's Russian operation is managed by Russian nationals, and its Middle East operation is managed by an UK expatriate, both with oversight from group management. The joint ventures and associates are regularly visited by senior management and their joint venture partners to monitor the operation. Also KPIs are used to review both contract pricing issues and staffing efficiency.
- 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 UK the group always seeks to appoint sub consultants with an established and successful track record on similar projects; and
- 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.

Summary

Taking account of the market environment in which we operate, the executive directors are satisfied that the progress made in the year reflects a positive step forward in recovering our pre-recession performance levels.

By order of the board

Nicholas Thompson
Chief Executive Officer

Duncan Harper
Group Finance Director

17 January 2014

Directors' report

The directors present their report for the year ended 30 September 2013.

Corporate governance

The UK Corporate Governance Code issued in September 2012 by the Financial Reporting Council sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.

Although under the rules of the Alternative Investment Market, the company is not required to comply with the code nor state any areas in which it does not comply, the board has sought to take into account the provisions of the code in so far as it considers them to be appropriate and practicable for a company of this size. In doing this the board has considered the Corporate Governance Guidelines for Small and Mid-Size Quoted Companies published in 2013 by the Quoted Companies Alliance.

Board of directors

The group is headed by a board of directors which leads and controls the group, and which is accountable to shareholders for good corporate governance of the group.

The board currently comprises six executive directors and one non-executive director who bring a wide range of experience and skills to the company.

The board considers Anthony Simmonds to be an independent non-executive director.

In the spirit of current corporate governance best practice, the board intends to appoint another non-executive director in due course.

The board meets regularly 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 main role and responsibility of the audit committee is to monitor the integrity of the financial information published by the group about its financial performance and position. It does this keeping under review the adequacy and effectiveness of the internal financial controls, and by reviewing and challenging the selection and application of important accounting policies, the key judgements and estimates made in the preparation of the financial information, and the adequacy of the accompanying narrative reporting.

The audit committee is also responsible for overseeing the relationship with the external auditor which includes considering their selection, independence, terms of engagement, remuneration, and performance. A formal statement of independence is received from the external auditor each year.

It meets at least twice a year with the external auditor to discuss audit planning and the audit findings, with certain executive directors attending by invitation. If appropriate, the external auditor attends part of each committee meeting without the presence of any executive directors

The audit committee currently comprises just Anthony Simmonds and he reports to the board on matters discussed at the committee meetings.

Remuneration committee

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.

The remuneration committee currently comprises just Anthony Simmonds. No director plays a part in any discussion about their own remuneration.

Nomination committee

The nomination committee is responsible for keeping under regular review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board. This includes the considering succession planning for the senior management of the group, taking into account the skills and expertise expected to be needed in the future.

It is responsible for nominating new candidates for the board, for which selection criteria are agreed in advance of any new appointment.

The nomination committee is chaired by Anthony Simmonds with the other members being Nicholas Thompson and Andrew Murdoch.

Internal controls

The directors acknowledge that they are responsible for the group's system of internal controls and for reviewing its effectiveness (excluding joint ventures and associates). 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.

Directors

Anthony Simmonds, Nicholas Thompson, Duncan Harper and John Vincent served as directors of the company throughout the year ended 30 September 2013.

Andrew Murdoch was appointed to the board on 10 December 2013 whilst David Hughes and Nick Pell were appointed to the board on 18 December 2013.

Biographical details of the current directors are set out on pages 18 and 19.

Resolutions to re-elect Duncan Harper, and to elect Andrew Murdoch, David Hughes and Nick Pell, 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.

Directors' interests

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

Number of ordinary shares	30 September 2013	1 October 2012
Anthony Simmonds	400,000	400,000
Nicholas Thompson	16,102,411	16,102,411
Duncan Harper	181,818	181,818
John Vincent	5,791,394	5,791,394

On their appointment the three new directors had the following interests in the shares of the company:

Number of ordinary shares	At appointment
Andrew Murdoch	13,478,486
David Hughes	2,968,933
Nick Pell	2,226,700

Duncan Harper was granted the following options in respect of ordinary shares on 11 April 2011:

Exercisable between	Exercise Price	At 1 October 2012	Granted	Exercised	At 30 September 2013
12/04/2013 – 11/04/2017	5.00p	500,000	-	-	500,000

Directors' service contracts

The company's policy is to offer service agreements to executive directors with notice periods of not more than twelve months. Nicholas Thompson, Duncan Harper, John Vincent and Andrew Murdoch have rolling service contracts with the company which are subject to twelve months notice of termination by either party. David Hughes and Nick Pell have rolling service contracts with the company which are subject to six months notice of termination by either party, but which may not be terminated by the company before June 2015.

The remuneration packages of executive directors comprise basic salary, car allowance (except David Hughes and Nick Pell), contributions to defined contribution pension arrangements, annual bonus and benefits in kind such as medical expenses insurance.

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. 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.

Reflecting the difficult economic circumstances faced by the business in recent years the directors have voluntarily waived remuneration as set out in note 9 to the financial statements.

Substantial shareholdings

At 17 January 2014 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	9.75%
Andrew Murdoch	Director of the company	13,478,486	8.16%
Jeremy Blake	Former employee of the group	13,030,638	7.89%
Stephen Atkinson	Employee of the group	11,377,712	6.89%
Begonia 365 SL	Controlled by a former director of the company	9,515,192	5.76%
Raul Curiel	Former director of the company	9,240,018	5.59%
River & Mercantile Long Term Recovery Fund		8,250,000	4.99%
John Vincent	Director of the company	5,791,394	3.51%

Share price

The mid market closing price of the shares of the company at 30 September 2013 was 5.12 pence and the range of mid market closing prices of the shares during the year was between 2.25 pence and 5.12 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 £826,068 representing 50% 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 £165,214 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.

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 45 'Excellent' or 'Very Good' BREEAM (Building Research Establishment Environmental Assessment Method) ratings awarded to buildings designed by the group. We have also achieved a Ska 'Silver' environmental assessment rating and a LEED (Leadership in Energy and Environmental Design) 'Gold' award for recent office fit-outs.

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 a structured management system, staff presentations and an intranet site.

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 health 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 intranet site. Appropriate training for employees is provided on a periodic basis.

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.

Future developments

An indication of likely future developments in the business of the group is contained in the strategic report.

Financial instruments

Information concerning the use of financial instruments by the group is given in notes 28 to 32 of the financial statements.

Dividends

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

Following the improvement in the group's financial performance and position reported in the financial statements, the board has approved the payment of an interim dividend in respect of the year ending 30 September 2013 of 0.1p per share. This was paid on 16 December 2013 to shareholders on the register at the close of business on 6 December 2013. The board is not intending to make any further payments in respect of the year ending 30 September 2013.

Having recommenced dividend payments, it is the intention of the directors to return to pursuing a policy of regular progressive dividend distributions, taking account of the profits of the group and the capital structure policy outlined in the strategic report.

Post balance sheet event

As disclosed in note 36 to the financial statements, on 18 December 2013 the group acquired the entire issued share capital of Swanke Hayden Connell Europe Ltd, a major group of architects and interior designers with studios in the UK, Russia and Turkey.

By order of the board

Duncan Harper
Company Secretary
Aukett Fitzroy Robinson Group Plc

Registered number 2155571

17 January 2014

Statement of directors' responsibilities

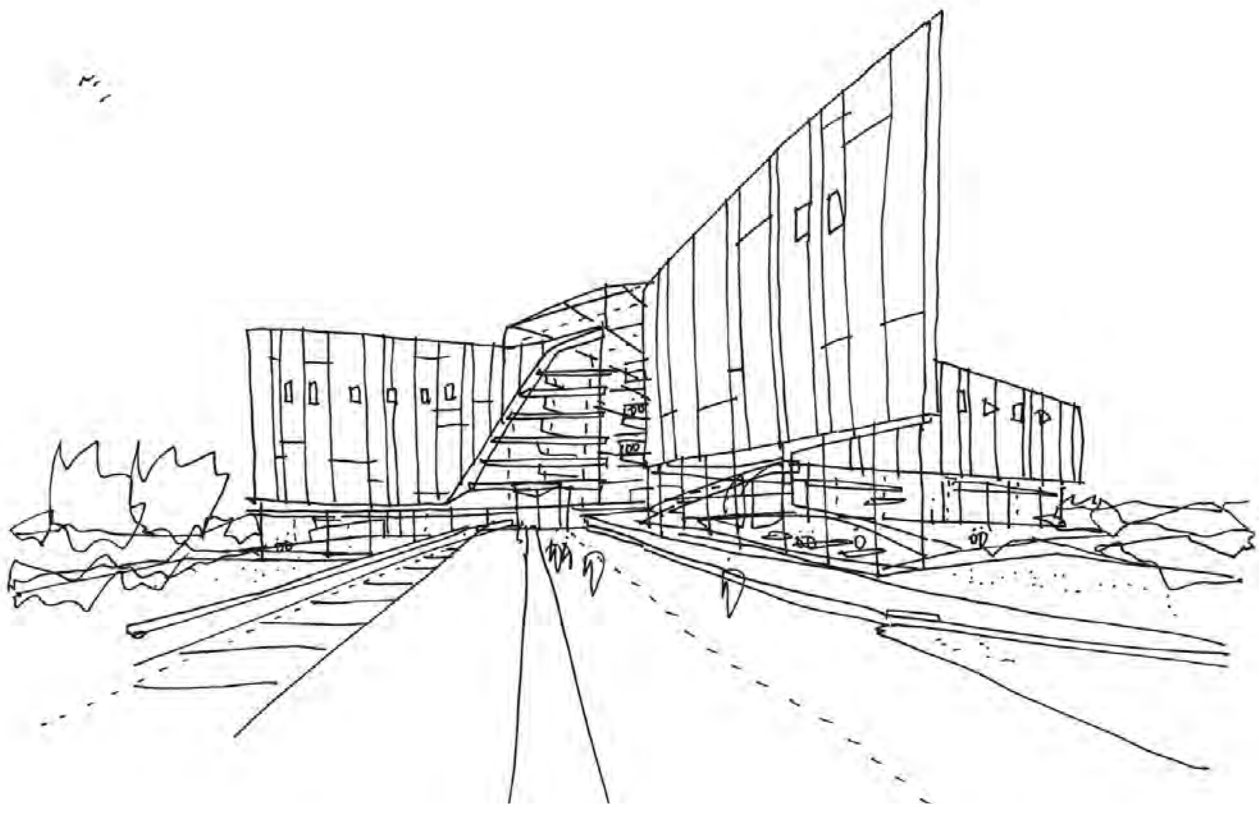
The directors are responsible for preparing the strategic report, the directors' report, and the financial statements in accordance with applicable law and regulations.

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 for that period. The directors are also required to prepare financial statements in accordance with the AIM Rules for Companies 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 accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of 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 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of cash flows, the consolidated 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's ("FRC's") Ethical Standards for Auditors.

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2013 and of the group's profit 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 strategic report and 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

17 January 2014

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

The maintenance and integrity of the Aukett Fitzroy Robinson Group Plc website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially signed in hard copy.

Consolidated income statement

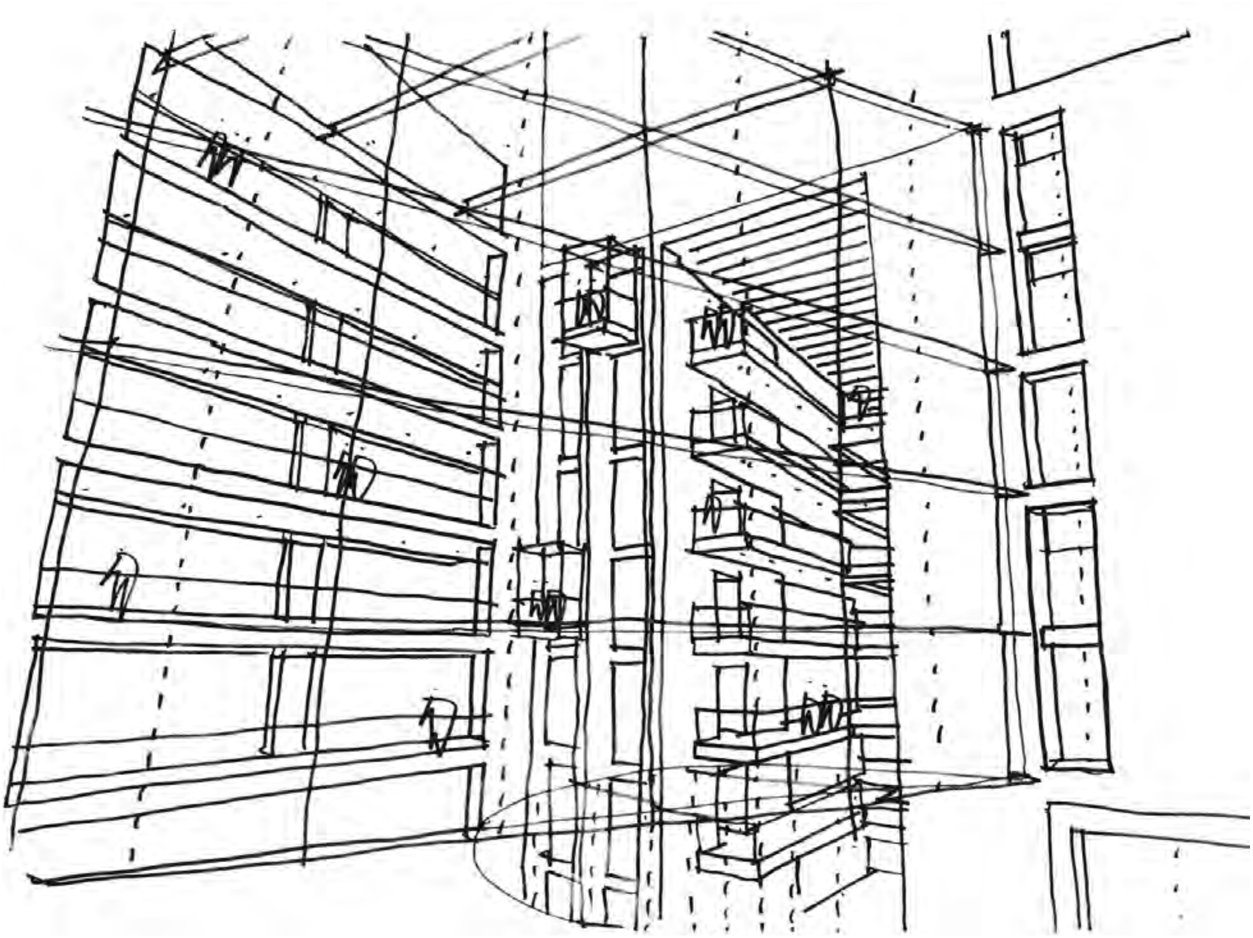
For the year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Revenue	3	8,406	9,150
Sub consultant costs		(1,290)	(2,406)
Revenue less sub consultant costs	3	7,116	6,744
Personnel related costs		(4,751)	(4,596)
Property related costs		(1,256)	(1,342)
Other operating expenses		(1,027)	(842)
Other operating income		217	95
Operating profit		299	59
Finance income	4	1	-
Finance costs	5	(14)	(22)
Profit after finance costs		286	37
Share of results of associate and joint ventures		264	173
Profit before tax		550	210
Tax charge	10	(176)	(103)
Profit from continuing operations		374	107
Profit from discontinued operation	11	-	48
Profit for the year attributable to equity holders of the company		374	155
Basic and diluted earnings per share			
From continuing operations		0.26p	0.08p
From discontinued operation		-	0.03p
Total earnings per share	12	0.26p	0.11p

Consolidated statement of comprehensive income

For the year ended 30 September 2013

	2013 £'000	2012 £'000
Profit for the year	374	155
Other comprehensive income:		
Currency translation differences	(2)	(27)
Currency translation differences recycled on discontinued operations	1	(172)
Other comprehensive income for the year	(1)	(199)
Total comprehensive income for the year attributable to equity holders of the company	373	(44)



Consolidated statement of financial position

At 30 September 2013

	Note	2013 £'000	2012 £'000
Non current assets			
Goodwill	13	1,369	1,494
Property, plant and equipment	14	326	319
Investment in associate	16	190	157
Investments in joint ventures	17	39	9
Deferred tax	23	454	674
Total non current assets		2,378	2,653
Current assets			
Trade and other receivables	18	3,515	2,502
Current tax		117	152
Cash and cash equivalents		1,343	739
Total current assets		4,975	3,393
Total assets		7,353	6,046
Current liabilities			
Trade and other payables	19	(4,005)	(2,641)
Short term borrowings	20	(150)	(150)
Provisions	24	(50)	(321)
Total current liabilities		(4,205)	(3,112)
Non current liabilities			
Long term borrowings	20	(113)	(263)
Deferred tax	23	(6)	(19)
Total non current liabilities		(119)	(282)
Total liabilities		(4,324)	(3,394)
Net assets		3,029	2,652
Capital and reserves			
Share capital	25	1,456	1,456
Foreign currency translation reserve		29	30
Retained earnings		(898)	(1,276)
Other distributable reserve		2,442	2,442
Total equity attributable to equity holders of the company		3,029	2,652

The financial statements on pages 37 to 74 were approved and authorised for issue by the board of directors on 17 January 2014 and were signed on its behalf by:

Nicholas Thompson
Chief Executive Officer

Duncan Harper
Group Finance Director

Company statement of financial position

At 30 September 2013

	Note	2013 £'000	2012 £'000
Non current assets			
Investments	15	2,351	1,693
Trade and other receivables	18	942	1,685
Total non current assets		3,293	3,378
Current assets			
Trade and other receivables	18	17	2
Cash and cash equivalents		414	204
Total current assets		431	206
Total assets		3,724	3,584
Current liabilities			
Trade and other payables	19	(1,855)	(1,132)
Total current liabilities		(1,855)	(1,132)
Total liabilities		(1,855)	(1,132)
Net assets		1,869	2,452
Capital and reserves			
Share capital	25	1,456	1,456
Retained earnings		(2,029)	(1,446)
Other distributable reserve		2,442	2,442
Total equity attributable to equity holders of the company		1,869	2,452

The financial statements on pages 37 to 74 were approved and authorised for issue by the board of directors on 17 January 2014 and were signed on its behalf by:

Nicholas Thompson
Chief Executive Officer

Duncan Harper
Group Finance Director

Consolidated statement of cash flows

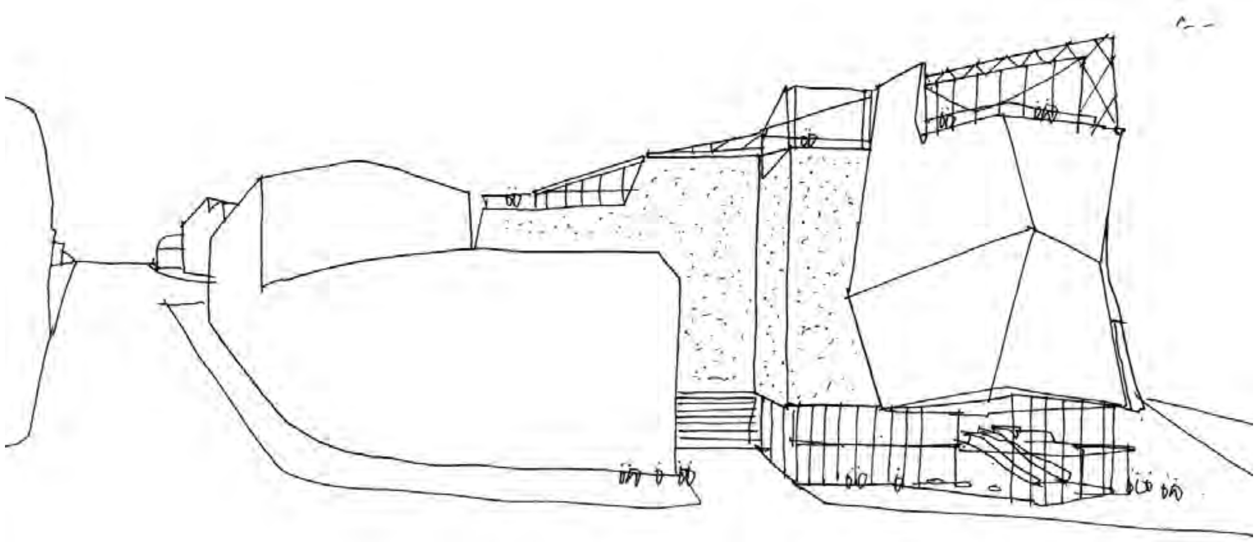
For the year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Cash flows from operating activities			
Cash generated from operations	27	646	378
Interest paid		(14)	(22)
Income taxes received / (paid)		61	(223)
Net cash inflow from operating activities		693	133
Cash flows from investing activities			
Purchase of property, plant and equipment		(157)	(153)
Sale of property, plant and equipment		4	1
Disposal of subsidiary, net of cash disposed		-	(95)
Interest received		1	-
Dividends received		210	134
Net cash generated from / (used in) investing activities		58	(113)
Net cash inflow before financing activities		751	20
Cash flows from financing activities			
Repayment of bank loans		(150)	(150)
Payment of asset finance liabilities		-	(31)
Dividends paid		-	-
Net cash used in financing activities		(150)	(181)
Net change in cash, cash equivalents and bank overdraft		601	(161)
Cash and cash equivalents and bank overdraft at start of year		739	912
Currency translation differences		3	(12)
Cash, cash equivalents and bank overdraft at end of year	22	1,343	739

Company statement of cash flows

For the year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Cash flows from operating activities			
Cash generated from / (used by) operations	27	814	(46)
Income taxes paid		-	-
Net cash inflow / (outflow) from operating activities		814	(46)
Cash flows from investing activities			
Purchase of subsidiaries		(814)	-
Dividends received		210	245
Net cash generated from investing activities		(604)	245
Net cash flow before financing activities		210	199
Cash flows from financing activities			
Dividends paid		-	-
Net cash used in financing activities		-	-
Net change in cash, cash equivalents and bank overdraft		210	199
Cash, cash equivalents and bank overdraft at start of year		204	5
Cash, cash equivalents and bank overdraft at end of year		414	204



Consolidated statement of changes in equity

For the year ended 30 September 2013

	Share capital £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Other distributable reserve £'000	Total £'000
At 30 September 2011	1,456	229	(1,438)	2,442	2,689
Profit for the year	-	-	155	-	155
Other comprehensive income	-	(199)	-	-	(199)
Share based payment value of employee services	-	-	7	-	7
At 30 September 2012	1,456	30	(1,276)	2,442	2,652
Profit for the year	-	-	374	-	374
Other comprehensive income	-	(1)	-	-	(1)
Share based payment value of employee services	-	-	4	-	4
At 30 September 2013	1,456	29	(898)	2,442	3,029

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.

Company statement of changes in equity

For the year ended 30 September 2013

	Share capital £'000	Retained earnings £'000	Other distributable reserve £'000	Total £'000
At 30 September 2011	1,456	(1,284)	2,442	2,614
Loss for the year	-	(169)	-	(169)
Share based payment value of employee services	-	7	-	7
At 30 September 2012	1,456	(1,446)	2,442	2,452
Loss for the year	-	(587)	-	(587)
Share based payment value of employee services	-	4	-	4
At 30 September 2013	1,456	(2,029)	2,442	1,869

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

No new accounting standards, amendments or interpretations have required any amendments to this year's financial statements.

New accounting standards, amendments and interpretations not yet 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, the principal risks and uncertainties facing the group, and the financial position of the group are described in the strategic report. The liquidity risks faced by the group are further described in note 32.

The group currently meets its day to day working capital requirements through its cash balances. It maintains its overdraft facility for additional financial flexibility and foreign currency hedging purposes. This overdraft facility was renewed for a further year in December 2013.

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.

In recent years, general economic conditions have created some uncertainty regarding the level of demand for the group's services. Although the financial performance of the group has improved significantly, the directors continue use the group's pipeline of secure and potential future work to monitor on a continual basis likely forward demand for the group's services.

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

Sensitivity analysis has been undertaken of the most important assumptions within the forecasts. The base forecasts and projections, and sensitivity analysis, show the group should be able to comfortably 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 through previous business cycles. Coutts & Co have proved supportive of the group in recent difficult economic times and have recently again renewed the group's facility as described in note 32.

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 accounted 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 loss of the company for the year was £587,000 (2012: Loss of £169,000).

Deferred taxation

Deferred income tax is provided in full, using the statement of financial position 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.

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 position. 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.

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 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 group has issued share options to certain employees, in return for which the group receives services from those employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions (for example the company's share price) but excluding the impact of any service or non-market performance vesting conditions (for example the requirement of the grantee to remain an employee of the group).

Non-market vesting conditions are included in the assumptions regarding the number of options that are expected to vest. The total expense is recognised over the vesting period. At the end of each period the group revises its estimates of the number of options expected to vest based on the non-market vesting conditions. It recognises the impact of any revision in the income statement with a corresponding adjustment to equity.

The grant by the company of options over its shares to employees of subsidiary undertakings is treated as a capital contribution.

The fair value of employee services received is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

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 are indicators suggesting 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 expenses.

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 18. The amount by which progress billing exceeds revenue is shown as advances received from customers for contract work in note 19.

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.

Impairment of goodwill

Details of the impairment reviews undertaken in respect of the carrying value of goodwill are given in note 13.

Recoverability of deferred tax assets

As shown in note 23, the group has recognised deferred tax assets as recoverable, principally in the United Kingdom relating to recent trading losses. These trading losses arose during the three years ended 30 September 2011 as a result of the impact of the difficult economic environment on the business.

As shown in note 3, the United Kingdom operation returned to profitability in 2012 and generated significant profits in 2013 which has already led to the recovery of some of the deferred tax assets.

The length of time taken to generate sufficient taxable profits to fully utilise these trading losses is primarily dependent on the profile of the recovery of the property development market. In combination with the goodwill impairment review described in note 13, forecasts have been prepared of the projected utilisation of these trading losses.

Historically the property development market has both declined more swiftly and recovered more sharply than the economy as a whole, however for the purposes of these forecasts the directors have prudently assumed that further recovery is slower and steadier than past property cycles.

A small proportion of the recognised deferred tax asset relates to Russia where a loss was incurred this year. The same forecast process has been undertaken for the Russian operation as described above for the United Kingdom operation.

Based on these forecasts the directors believe that it is probable that the remaining recognised deferred tax assets will be recoverable.

Potential deferred tax assets in jurisdictions where the directors believe that it is not probable that they will be recoverable through future taxable profits have not been recognised.

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.

3 Operating segments

The group comprises a single business segment and four separately reportable geographical segments (together with a group costs segment). Geographical segments are based on the location of the operation undertaking each project.

The group's associate and joint ventures are all based in Continental Europe.

Income statement segment information

2013 Segment revenue	Total £'000
United Kingdom	6,160
Russia	1,875
Middle East	371
Continental Europe	-
Revenue	8,406

2012 Segment revenue	Continuing operations £'000	Discontinued operation £'000	Total £'000
United Kingdom	5,157	-	5,157
Russia	3,547	-	3,547
Middle East	446	-	446
Continental Europe	-	545	545
Revenue	9,150	545	9,695

Segment revenue less sub consultant costs From continuing operations	2013 £'000	2012 £'000
United Kingdom	6,083	5,034
Russia	781	1,314
Middle East	252	396
Continental Europe	-	-
Revenue less sub consultant costs	7,116	6,744

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

Segment net finance expense	2013 £'000	2012 £'000
United Kingdom	(12)	(22)
Russia	-	-
Middle East	-	-
Continental Europe	-	-
Group costs	(1)	-
Net finance expense excluding discontinued operation	(13)	(22)

Segment depreciation	2013 £'000	2012 £'000
United Kingdom	138	138
Russia	10	4
Middle East	1	-
Continental Europe	-	-
Depreciation excluding discontinued operation	149	142

2013 Segment result	Before goodwill impairment £'000	Goodwill impairment £'000	Total £'000
United Kingdom	961	-	961
Russia	(270)	(125)	(395)
Middle East	(132)	-	(132)
Continental Europe	260	-	260
Group costs	(144)	-	(144)
Profit before tax	675	(125)	550

2012 Segment result	Continuing operations £'000	Discontinued operation £'000	Total £'000
United Kingdom	38	-	38
Russia	58	-	58
Middle East	44	-	44
Continental Europe	168	60	228
Group costs	(98)	-	(98)
Profit before tax	210	60	270

As disclosed in note 11, the £60,000 profit from discontinued operations includes £172,000 of gains on the recycling of currency translation differences.

Statement of financial position segment information

Segment assets	2013 £'000	2012 £'000
United Kingdom	2,399	1,182
Russia	396	785
Middle East	150	67
Continental Europe	-	-
Trade receivables & amounts due from customers for contract work	2,945	2,034
Other current assets	2,030	1,359
Non current assets	2,378	2,653
Total assets	7,353	6,046

Geographical areas

Revenue	2013 £'000	2012 £'000
United Kingdom	6,160	5,157
Country of domicile	6,160	5,157
Russia	1,875	3,547
United Arab Emirates	371	446
Czech Republic (discontinued operation)	-	545
Foreign countries	2,246	4,538
Revenue including discontinued operation	8,406	9,695

Non current assets	2013 £'000	2012 £'000
United Kingdom	1,554	1,549
Country of domicile	1,554	1,549
Russia	139	263
Czech Republic	8	2
Germany	221	164
United Arab Emirates	2	1
Foreign countries	370	430
Non current assets excluding deferred tax	1,924	1,979
Deferred tax	454	674
Non current assets	2,378	2,653

Major clients

During the year ended 30 September 2013 the group derived 10% or more of its revenues from 1 (2012: 1) client.

	2013 £'000	2012 £'000
Largest client revenues	1,400	2,735

The largest client revenues for both 2013 and 2012 related to the Russian operating segment.

Revenue by project site

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

	2013 £'000	2012 £'000
United Kingdom	6,114	4,979
Russia	1,875	3,537
Middle East	408	587
Continental Europe	9	559
Rest of the World	-	33
Revenue including discontinued operation	8,406	9,695

4 Finance income

	2013 £'000	2012 £'000
Receivable on bank deposits	-	-
Other finance income	1	-
Total finance income	1	-

5 Finance costs

	2013 £'000	2012 £'000
Payable on bank loans and overdrafts	11	16
Other finance costs	3	6
Total finance costs	14	22

6 Auditor remuneration

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

	2013 £'000	2012 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	24	23
Fees payable to the company's auditor and its associates for other services		
Audit of the company's subsidiaries pursuant to legislation	50	52
Other services relating to taxation	-	3

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.

7 Employee information

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

	2013 Number	2012 Number
Technical	81	94
Administrative	23	22
Total including discontinued operation	104	116

In addition to the number of staff disclosed above, the group's associate and joint ventures employed an average of 60 persons (2012: 49 persons).

The costs of the persons employed by the group during the year were:

	2013 £'000	2012 £'000
Wages and salaries	3,707	3,838
Social security costs	407	470
Contributions to defined contribution pension arrangements	87	38
Total including discontinued operation	4,201	4,346

The wages and salaries costs above include £52,000 of restructuring costs (2012: £40,000).

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.

8 Operating leases

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

	2013 £'000	2012 £'000
Property	622	632
Plant & equipment	12	20
Total	634	652

The property operating lease payments shown above included £nil (2012: £20,000) related to the discontinued operations.

9 Directors' emoluments

Reflecting the past difficult economic circumstances faced by the business, the directors have waived part of their remuneration. The aggregate amount waived during the year was £68,000 (2012: £97,000).

2013	Aggregate emoluments £'000	Pension contributions £'000	Total received £'000	Waived £'000	Total entitlement £'000
Anthony Simmonds	30	-	30	-	30
Duncan Harper	88	25	113	23	136
John Vincent	52	3	55	13	68
Nicholas Thompson	164	7	171	32	203
Total	334	35	369	68	437

2012	Aggregate emoluments £'000	Pension contributions £'000	Total received £'000	Waived £'000	Total entitlement £'000
Anthony Simmonds	25	-	25	3	28
Duncan Harper	55	26	81	28	109
John Vincent	62	-	62	21	83
Nicholas Thompson	134	-	134	42	176
Tim Hodgson	12	-	12	3	15
Total	288	26	314	97	411

Tim Hodgson retired on 27 March 2012.

Aggregate emoluments include bonuses awarded.

Benefits were accruing to three directors (2012: one director) under defined contribution pension arrangements.

The aggregate emoluments of the highest paid director were £164,000 (2012: £134,000).

10 Tax charge

	2013 £'000	2012 £'000
Current tax	(29)	93
Adjustment in respect of previous years	-	-
Total current tax	(29)	93
Origination and reversal of temporary differences	147	(45)
Changes in tax rates	58	55
Total deferred tax (note 23)	205	10
Total tax charge	176	103

The standard rate of corporation tax in the United Kingdom reduced from 26% to 24% in April 2012 and from 24% to 23% in April 2013. It will reduce further to 21% in April 2014 and to 20% in April 2015.

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

	2013 £'000	2012 £'000
Profit before tax	550	210
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom of 23.5% (2012: 25%)	129	53
Effects of:		
Non tax deductable goodwill impairment	29	-
Other non tax deductible expenses	29	32
Differences in overseas tax rates	(7)	1
Associate & joint ventures reported net of tax	(62)	(43)
Impact on deferred tax of change in UK tax rate	58	55
Current tax adjustment in respect of previous years	-	-
Deferred tax adjustment in respect of previous years	-	5
Total tax charge	176	103

11 Discontinued operation

In September 2012 the group sold 50% of its formerly wholly owned Czech Republic operation and accordingly it is now treated as joint venture. The results of this discontinued operation were:

	2012 £'000
Revenue	545
Expenses	(553)
Loss before tax	(8)
Tax	(12)
Loss after tax	(20)
Loss on re-measurement to fair value	(104)
Currency translation differences recycled	172
Result from discontinued operation	48

The loss on re-measurement to fair value includes the write-off of the £102,000 of goodwill formerly attributed to the Czech Republic operation.

The cash flows from this discontinued operation were:

	2012 £'000
Net cash flow from operating activities	110
Net cash flow from investing activities	-
Net cash flow from financing activities	(116)

12 Earnings per share

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

Earnings	2013 £'000	2012 £'000
Continuing operations	374	107
Discontinued operations	-	48
Profit for the year	374	155

Number of shares	2013 Number	2012 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

As explained in note 26 the company has granted options over 1,500,000 of its ordinary shares. These have not been included above as their exercise price was above the average share price in both years, and therefore they were not dilutive.

13 Goodwill

Group	£'000
Cost	
At 1 October 2011	1,596
Disposal	(102)
At 30 September 2012	1,494
No change	-
At 30 September 2013	1,494
Impairment	
At 1 October 2011 and 30 September 2012	-
Charge	125
At 30 September 2013	125
Net book value	
At 30 September 2013	1,369
At 30 September 2012	1,494
At 30 September 2011	1,596

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

	2013 £'000	2012 £'000
United Kingdom	1,244	1,244
Russia	125	250
Total	1,369	1,494

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 based on financial budgets and forecasts covering a five year period. Cash flows beyond the five year period are extrapolated using long-term average growth rates.

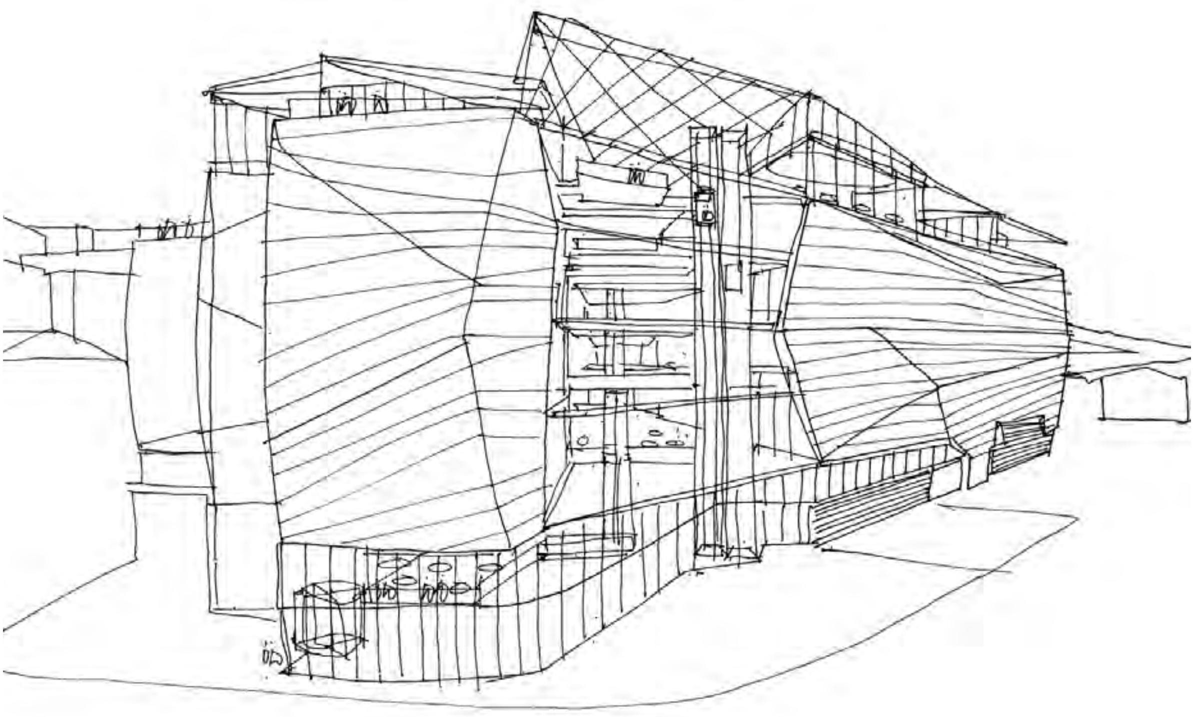
The carrying value of goodwill allocated to the United Kingdom is significant in comparison with the total carrying value of goodwill but the carrying value of goodwill allocated to Russia is not.

The key assumptions in the discounted cash flow projections for the United Kingdom operation are:

- The future level of revenue - which is based on knowledge of past property development cycles and external forecasts such as the construction forecasts published by Experian. Historically the property development market has both declined more swiftly and recovered more sharply than the economy as a whole. However for the purposes of the five year cash flow projections the directors have prudently assumed that further recovery is slower and steadier than past property cycles;
- The future level of costs – which are based on the expected variability with revenue of the various types of expenditure incurred, and in particularly the average revenue earning capacity of members of staff. These assumptions are based on historical experience and an assessment of the current cost base;
- Long-term growth rate – which has been assumed to be 2.1% per annum based on the average historical growth in construction output in the United Kingdom over the past thirty years; and
- The discount rate – which is the group's pre tax weighted average cost of capital and has been assessed at 16% (2012: 16%). This is considered appropriate as the United Kingdom operation produces the majority of the group's revenue less sub consultant costs.

As explained in the strategic report, the recent financial performance of the group's Russian operation has been below management expectations. The operation has been unable to secure sufficient work for the past year to cover its operating costs, and the operation's previous key business winner is in the process of retiring. Although the operation has recently secured some new projects, it is not certain that previous levels of revenue and profitability can be attained again in the future.

In these circumstances, and on the basis of the annual impairment test, the directors have recognised an impairment charge of £125,000 representing 50% of the goodwill previously allocated to the group's Russian operation. A 22% discount rate (2012: 22%) has been used in the impairment test reflecting the inherently higher risks considered to affect the Russian operation. This impairment charge is included within other operating expenses in the income statement.



14 Property, plant and equipment

Group	Leasehold improvements £'000	Furniture & equipment £'000	Total £'000
Cost			
At 30 September 2011	742	984	1,726
Additions	-	153	153
Disposal of subsidiary	-	(26)	(26)
Other disposals	(425)	(360)	(785)
Exchange differences	-	(5)	(5)
At 30 September 2012	317	746	1,063
Additions	-	157	157
Disposals	-	(84)	(84)
Exchange differences	-	(3)	(3)
At 30 September 2013	317	816	1,133
Depreciation			
At 30 September 2011	522	893	1,415
Charge	32	112	144
Disposal of subsidiary	-	(25)	(25)
Other disposals	(425)	(360)	(785)
Exchange differences	-	(5)	(5)
At 30 September 2012	129	615	744
Charge	32	117	149
Disposals	-	(84)	(84)
Exchange differences	-	(2)	(2)
At 30 September 2013	161	646	807
Net book value			
At 30 September 2013	156	170	326
At 30 September 2012	188	131	319
At 30 September 2011	220	91	311

The depreciation charge is split between continuing and discontinued operations as follows:

	2013 £'000	2012 £'000
Continuing operations	149	142
Discontinued operations	-	2
Depreciation charge for the year	149	144

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

15 Investments

Company	Subsidiaries £'000	Joint ventures £'000	Associate £'000	Total £'000
Cost				
At 30 September 2011	4,902	20	12	4,934
Additions	7	1	-	8
Disposals	(377)	-	-	(377)
At 30 September 2012	4,532	21	12	4,565
Additions	818	-	-	818
Disposals	-	-	-	-
At 30 September 2013	5,350	21	12	5,383
Provisions				
At 30 September 2011	2,406	-	-	2,406
Charge	466	-	-	466
At 30 September 2012	2,872	-	-	2,872
Charge	160	-	-	160
At 30 September 2013	3,032	-	-	3,032
Net book value				
At 30 September 2013	2,318	21	12	2,351
At 30 September 2012	1,660	21	12	1,693
At 30 September 2011	2,496	20	12	2,528

The impairment charge of £160,000 recognised during the year relates to the company's investment in ZAO Aukett Fitzroy Vostok where, as a result of the matters described in note 13, the value of that subsidiary is considered to have suffered a permanent diminution.

Principal operations
The principal operations at 30 September 2013, all of whom provide architectural and design services, were as follows:

Name	Country of Incorporation	Class and proportion of shares held
Subsidiaries		
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%
ZAO Aukett Fitzroy Vostok	Russia	Ordinary 100%
Joint ventures		
Aukett + Heese Frankfurt GmbH	Germany	Ordinary 50%
Aukett sro	Czech Republic	Ordinary 50%
Associate		
Aukett + Heese GmbH	Germany	Ordinary 25%

All the principal operations are owned directly by the company.

Although Aukett Fitzroy Robinson International Limited is incorporated in England & Wales, it operates principally through its Middle East branch which is registered in the Abu Dhabi Emirate of the United Arab Emirates.

16 Investment in associate

As disclosed in note 15, the group owns 25% of Aukett + Heese GmbH which is based in Berlin.

	£'000
At 30 September 2011	118
Share of profits	185
Dividends paid	(134)
Exchange differences	(12)
At 30 September 2012	157
Share of profits	234
Dividends paid	(210)
Exchange differences	9
At 30 September 2013	190

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

	2013 £'000	2012 £'000
Assets	560	427
Liabilities	(370)	(270)
Net assets	190	157

	2013 £'000	2012 £'000
Revenue	1,355	1,332
Sub consultant costs	(331)	(473)
Revenue less sub consultant costs	1,024	859
Operating costs	(689)	(594)
Profit before tax	335	265
Taxation	(101)	(80)
Profit after tax	234	185

17 Investments in joint ventures

Frankfurt

As disclosed in note 15, the group owns 50% of Aukett + Heese Frankfurt GmbH which is based in Frankfurt.

	£'000
At 1 October 2011	20
Share of losses	(12)
Exchange differences	(1)
At 30 September 2012	7
Share of profits	24
Exchange differences	-
At 30 September 2013	31

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

	2013 £'000	2012 £'000
Assets		
Non current assets	3	6
Current assets	153	126
Total assets	156	132
Liabilities		
Current liabilities	(125)	(125)
Non current liabilities	-	-
Total liabilities	(125)	(125)
Net assets	31	7

	2013 £'000	2012 £'000
Revenue	261	189
Sub consultant costs	(13)	(15)
Revenue less sub consultant costs	248	174
Operating costs	(219)	(188)
Profit / (loss) before tax	29	(14)
Taxation	(5)	2
Profit / (loss) after tax	24	(12)

Prague
As disclosed in notes 11 and 15, the group now owns 50% of Aukett sro which is based in Prague.

	£'000
At 1 October 2011	-
Conversion from subsidiary to joint venture	1
Exchange differences	1
At 30 September 2012	2
Share of profits	6
Exchange differences	-
At 30 September 2013	8

The following amounts represent the group's 50% share of the assets and liabilities of Aukett sro.

	2013 £'000	2012 £'000
Assets		
Non current assets	-	-
Current assets	94	124
Total assets	94	124
Liabilities		
Current liabilities	(86)	(122)
Non current liabilities	-	-
Total liabilities	(86)	(122)
Net assets	8	2

	2013 £'000
Revenue	209
Sub consultant costs	(55)
Revenue less sub consultant costs	154
Operating costs	(148)
Profit before tax	6
Taxation	-
Profit after tax	6

18 Trade and other receivables

Group	2013 £'000	2012 £'000
Gross trade receivables	3,310	2,299
Impairment allowances	(642)	(654)
Net trade receivables	2,668	1,645
Amounts due from customers for contract work	277	389
Amounts owed by associate and joint ventures	113	155
Other receivables	211	173
Prepayments	246	140
Total	3,515	2,502

Company	2013 £'000	2012 £'000
Amounts due after more than one year		
Amounts owed by subsidiaries	829	1,530
Amounts owed by associate and joint ventures	113	155
Total amounts due after more than one year	942	1,685
Amounts due within one year		
Other receivables	10	2
Prepayments	7	-
Total amounts due within one year	17	2
Total	959	1,687

The amounts owed by subsidiaries were secured in January 2013 by debentures over all the assets of the relevant subsidiaries. These debentures rank after the debentures securing the bank loan and overdraft.

19 Trade and other payables

Group	2013 £'000	2012 £'000
Trade payables	361	502
Advances received from customers for contract work	2,065	912
Other taxation and social security	614	306
Other payables	32	9
Accruals	933	912
Deferred income	-	-
Total	4,005	2,641

Company	2013 £'000	2012 £'000
Trade payables	9	-
Amounts owed to subsidiaries	1,740	1,129
Other payables	1	2
Accruals	105	1
Total	1,855	1,132

20 Borrowings

Group

Short term borrowings	2013 £'000	2012 £'000
Secured bank overdraft	-	-
Secured bank loan (note 21)	150	150
Total	150	150

The secured bank overdraft is repayable on demand.

Long term borrowings	2013 £'000	2012 £'000
Secured bank loan (note 21)	113	263
Total	113	263

21 Secured bank loan

Group	2013 £'000	2012 £'000
Instalments repayable within one year	150	150
Current liability	150	150
Instalments repayable between one and two years	113	150
Instalments repayable between two and five years	-	113
Non current liability	113	263
Total	263	413

The bank loan and overdraft are secured by debentures over all the assets of the company and certain of its United Kingdom subsidiaries. The bank loan and overdraft carry interest at 2.5% above the United Kingdom bank base rate.

22 Analysis of net funds

Group	2013 £'000	2012 £'000
Cash and cash equivalents	1,343	739
Secured bank overdraft	-	-
Cash, cash equivalents and bank overdraft	1,343	739
Secured bank loan (note 21)	(263)	(413)
Net funds	1,080	326

23 Deferred tax

Group	Tax depreciation on plant & equipment £'000	Trading losses £'000	Unremitted overseas earnings £'000	Other temporary differences £'000	Total £'000
At 30 September 2011	47	635	(32)	29	679
Income statement	(16)	(38)	13	31	(10)
Disposal of subsidiary	-	(10)	-	(2)	(12)
Exchange differences	-	(1)	-	(1)	(2)
At 30 September 2012	31	586	(19)	57	655
Income statement	16	(227)	13	(7)	(205)
Exchange differences	-	(2)	-	-	(2)
At 30 September 2013	47	357	(6)	50	448

Group	2013 £'000	2012 £'000
Deferred tax assets	454	674
Deferred tax liabilities	(6)	(19)
Net deferred tax balance	448	655

The group has no potential unrecognised deferred tax assets in tax jurisdictions where it has active operations.

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

The company has no deferred tax assets or liabilities.

24 Provisions

Group	Redundancy provision £'000	Property lease provision £'000	Total £'000
At 1 October 2011	15	150	165
Utilised	(15)	-	(15)
Released	-	-	-
Provided	21	150	171
Exchange differences	-	-	-
At 30 September 2012	21	300	321
Utilised	(6)	(300)	(306)
Released	(15)	-	(15)
Provided	-	50	50
Exchange differences	-	-	-
At 30 September 2013	-	50	50

Redundancy provision
The redundancy provision related to the expected costs of reducing staff numbers to better match staffing resources with projected workload. The provision arises from obligations contained in employment contracts and statutory obligations.

Property lease provision
During 2012 one of the group's subsidiaries received a claim from its former landlord in respect of former leased premises.

This claim comprised a number of separate, but related and potentially interdependent elements, including various repairs and replacements (dilapidations), professional fees, loss of rent, interest, and costs.

In March 2013 the subsidiary reached a court approved full and final settlement with its former landlord of £350,000. £50,000 of this settlement amount was deferred and paid in October 2013.

The provision arises from obligations contained in former property lease agreements.

25 Share capital

Group and Company	2013 £'000	2012 £'000
Allocated, called up and fully paid		
145,618,693 (2012: 145,618,693) ordinary shares of 1p each	1,456	1,456

	Number
At 1 October 2011	145,618,693
No changes	-
At 30 September 2012	145,618,693
No changes	-
At 30 September 2013	145,618,693

The objectives, policies and processes for managing capital are outlined in the strategic report.

As explained in note 36, on 18 December 2013 the company issued 19,594,959 new ordinary shares, increasing the issued number of shares to 165,213,652.

26 Share options

The company has granted options over its ordinary shares to group employees as follows:

Granted	At 1 October 2012	Granted	At 30 September 2013	Exercise price	Earliest exercisable	Latest exercisable
	Number	Number	Number	Pence	Date	Date
11 April 2011	1,500,000	-	1,500,000	5.00	12 April 2013	11 April 2017
Total	1,500,000	-	1,500,000			

The share options were granted on 11 April 2011 and vest after two year's service. They are exercisable between two and six years after grant.

The fair value of these share options has been estimated at £14,000 using the Black-Scholes option pricing models model with the following inputs:

Input	Value
Share price at date of grant	3.00 pence
Exercise price	5.00 pence
Expected option life	4 years
Expected volatility	55%
Expected dividends	Nil
Risk free interest rate	2.65%

The expected volatility was estimated based on the historical volatility over the three years prior to grant.

27 Cash generated from operations

Group	2013 £'000	2012 £'000
Profit before tax – continuing operations	550	210
Profit before tax – discontinued operation	-	60
Currency translation differences recycled	1	(172)
Share based payment value of employee services	4	7
Finance income	(1)	-
Finance costs	14	22
Share of results of associate and joint ventures	(264)	(173)
Goodwill impairment provision / write off	125	102
Depreciation	149	144
Profit on disposal of property, plant and equipment	(4)	(1)
Change in trade and other receivables	(1,022)	591
Change in trade and other payables	1,365	(568)
Change in provisions	(271)	156
Net cash generated from operations	646	378

Company	2013 £'000	2012 £'000
Loss before income tax	(587)	(169)
Dividends received	(210)	(245)
Provision against investment in subsidiary	160	466
Loss on disposal of subsidiary	-	376
Change in trade and other receivables	728	(851)
Change in trade and other payables	723	377
Net cash generated from / (used by) operations	814	(46)

28 Financial instruments

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.

Categories of financial assets and liabilities

Group	2013 £'000	2012 £'000
Trade receivables	2,668	1,645
Amounts due from customers for contract work	277	389
Amounts owed by associate and joint ventures	113	155
Other receivables	211	173
Cash and cash equivalents	1,343	739
Loans and receivables	4,612	3,101
Trade payables	(361)	(502)
Other payables	(32)	(9)
Accruals	(933)	(912)
Secured bank loan	(263)	(413)
Provisions	(50)	(321)
Financial liabilities measured at amortised cost	(1,639)	(2,157)
Net financial instruments	2,973	944

Company	2013 £'000	2012 £'000
Amounts owed by subsidiaries	829	1,530
Amount owed by associate & joint ventures	113	155
Other receivables	10	2
Cash and cash equivalents	414	204
Loans and receivables	1,366	1,891
Trade payables	(9)	-
Amounts owed to subsidiaries	(1,740)	(1,129)
Other payables	(1)	(2)
Accruals	(105)	(1)
Financial liabilities measured at amortised cost	(1,855)	(1,132)
Net financial instruments	(489)	759

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 21 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:

	2013 £'000	2012 £'000
Group	7,019	4,901
Company	1,417	1,891

Other receivables in the consolidated statement of financial position include a £148,000 rent security deposit (2012: £148,000) in respect of the group's London studio premises and a £31,000 rent deposit (2012: £nil) in respect of the group's Moscow studio premises.

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.

Where contracts are denominated in other currencies the group usually seeks to minimise net foreign currency exposure from recognised project related assets and liabilities by using foreign currency denominated overdrafts.

The group does not hedge future revenues from contracts denominated in other currencies due to the rights of clients to suspend or cancel projects. 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 was:

Group	2013 £'000	2012 £'000
Czech Koruna	67	112
EU Euro	(4)	(28)
Polish Zloty	(33)	(47)
Russian Ruble	180	266
UAE Dirham	101	188
UK Sterling	2,436	449
US Dollar	226	2
Other	-	2
Net financial instruments	2,973	944

Company	2013 £'000	2012 £'000
Czech Koruna	67	112
EU Euro	(2)	43
UK Sterling	(556)	604
US Dollar	2	-
Net financial instruments	(489)	759

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.

	2013		2012	
	Profit £'000	Equity £'000	Profit £'000	Equity £'000
Group	49	3	26	46
Company	7	-	16	-

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

	2013 £'000	2012 £'000
Group	(6)	154
Company	7	(1)

The group's exchange loss of £6,000 (2012: gain of £154,000) includes cumulative exchange reserve losses of £1,000 (2012: gains £172,000) recycled through the income statement on discontinued operations.

30 Counterparty risk

Group

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:

	2013 £'000	2012 £'000
Not overdue	1,495	823
Between 0 and 30 days overdue	559	434
Between 30 and 60 days overdue	427	57
Greater than 60 days overdue	187	331
Total	2,668	1,645

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

	£'000
At 1 October 2011	715
Charge to the income statement	31
Allowance utilised	(67)
Disposal of subsidiary	(20)
Exchange differences	(5)
At 30 September 2012	654
Release to the income statement	(11)
Allowance utilised	-
Exchange differences	(1)
At 30 September 2013	642

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.

The concentration of counterparty risk within the £2,945,000 (2012: £2,034,000) of trade receivables and amounts due from customers for contract work is illustrated in the table below showing the three largest exposures to individual clients at 30 September.

	2013 £'000	2012 £'000
Largest exposure	493	450
Second largest exposure	352	323
Third largest exposure	240	180

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

At 30 September 2013 the largest exposure to a single financial institution represented 88% (2012: 49%) of the group's cash and cash equivalents.

Company

The company does not have any trade receivables or amounts due from customers for contract work.

The amounts owed by subsidiaries were secured in January 2013 by debentures over all the assets of the relevant subsidiaries. These debentures rank after the debentures securing the bank loan and overdraft. Prior to this all amounts owed by subsidiaries and by associate & joint ventures were unsecured. The amounts owed by associate & joint ventures remain unsecured.

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	2013 £'000	2012 £'000
Amounts due from associate and joint ventures	46	43
Other receivables	148	148
Secured bank loan	(263)	(413)
Interest bearing financial instruments	(69)	(222)

Company	2013 £'000	2012 £'000
Amounts due from associate and joint ventures	46	43
Secured bank overdraft	(48)	-
Interest bearing financial instruments	(2)	43

The amounts due from associate and joint ventures earn interest at 0.5%.

The property rent deposit earns variable rates of interest based on short term inter bank lending rates.

Due to the current low levels of worldwide interest rates, and group treasury management requirements, the cash and cash equivalents are in practice currently not interest bearing, and therefore have not been included in interest bearing financial instruments disclosures.

The bank loan and overdraft carry interest at 2.5% above the 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.

	2013 £'000	2012 £'000
Group	(1)	(2)
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. The maturity profile of the bank loan is shown in note 21.

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

At 30 September 2013 the group had £750,000 (2012: £850,000) of undrawn borrowing facility under its £750,000 (2012: £850,000) United Kingdom bank overdraft facility.

In December 2013 Coutts & Co renewed the £750,000 overdraft facility which is now next due for review in December 2014.

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

Gross borrowings	2013 £'000	2012 £'000
Instalments repayable within one year	152	152
Instalments repayable between one and two years	118	157
Instalments repayable between two and five years	-	121
Total gross borrowings	270	430
Expected future finance charges	(7)	(17)
Total net borrowings	263	413

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 21. At 30 September 2013 the overdrafts of its United Kingdom subsidiaries guaranteed by the company totalled £189,000 (2012: £64,000).

The company and certain of its United Kingdom subsidiaries are members of a group for Value Added Tax purposes. At 30 September 2013 the net VAT payable balance of those subsidiaries was £459,000 (2012: £217,000).

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.

The group had the following aggregate commitments under operating leases.

	2013 £'000	2012 £'000
Not later than one year	576	557
Later than one year and not later than five years	1,785	1,887
Later than five years	-	367
Total	2,361	2,811

The group's most significant lease relates to its London studio premises which comprises £2,254,000 (2012: £2,726,000) 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 which has yet to be agreed.

The company has no operating lease commitments (2012: £nil).

At both 30 September 2013 and 2012 neither the group nor the company had any capital commitments in respect of property, plant and equipment.

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.

On 1 May 2012 two joint managing directors were appointed for the United Kingdom operation replacing the previous single managing director.

Group	2013 £'000	2012 £'000
Short term employee benefits	708	512
Post employment benefits	41	26
Total	749	538

The key management personnel of the company comprise its directors.

Company	2013 £'000	2012 £'000
Short term employee benefits	375	323
Post employment benefits	35	26
Total	410	349

Transactions and balances with associate and joint ventures

The amount owed to the group by Aukett + Heese Frankfurt GmbH at 30 September 2013 was £46,000 (2012: £43,000) relating to loans previously advanced and management charges formerly made. The movement in the balance during the year relates interest charged and exchange rate movements.

The group makes management charges to Aukett + Heese GmbH. Invoices issued by the group during the year in respect of these services amounted to £60,000 (2012: £55,000). The amount owed to the group by Aukett + Heese GmbH at 30 September 2013 in respect of these management charges was £nil (2012: £nil).

As disclosed in note 15, 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.

The amount owed to the group by Aukett sro at 30 September 2013 was £67,000 (2012: £112,000) relating to previously declared but not yet paid dividends and name licence charges. The movement in the balance during the year relates to payments made to the group by Aukett sro together with name licence charge and exchange rate movements.

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

Transactions and balances with subsidiaries

The names of the company's principal subsidiaries are set out in note 15.

The company made management charges to its subsidiaries for management services of £312,000 (2012: £560,000) and paid charges to its subsidiaries for office accommodation and other related services of £60,000 (2012: £nil).

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 2013 the company was owed £829,000 (2012: £1,530,000) by its subsidiaries, and owed £1,740,000 (2012: £1,129,000) to its subsidiaries. These balances arose through various past transactions including treasury management and management charges.

The amounts owed by subsidiaries were secured in January 2013 by debentures over all the assets of the relevant subsidiaries. These debentures rank after the debentures securing the bank loan and overdraft. Prior to this all amounts owed by subsidiaries were unsecured.

Partial disposal of Czech Republic operation

As disclosed in note 11, in September 2012 the group sold 50% of its shareholding in Aukett sro, its formerly wholly owned Czech Republic operation, for nominal consideration.

Half of the disposed shareholding was sold to Jana Lehotska and half was sold to Tomas Vorel. Both Jana Lehotska and Tomas Vorel are directors of Aukett sro.

35 Corporate information

General corporate information regarding the company is shown on page 22. The addresses of the group's principal operations are shown on page 13. A description of the group's operations and principal activities is given within the strategic report.

36 Post balance sheet event

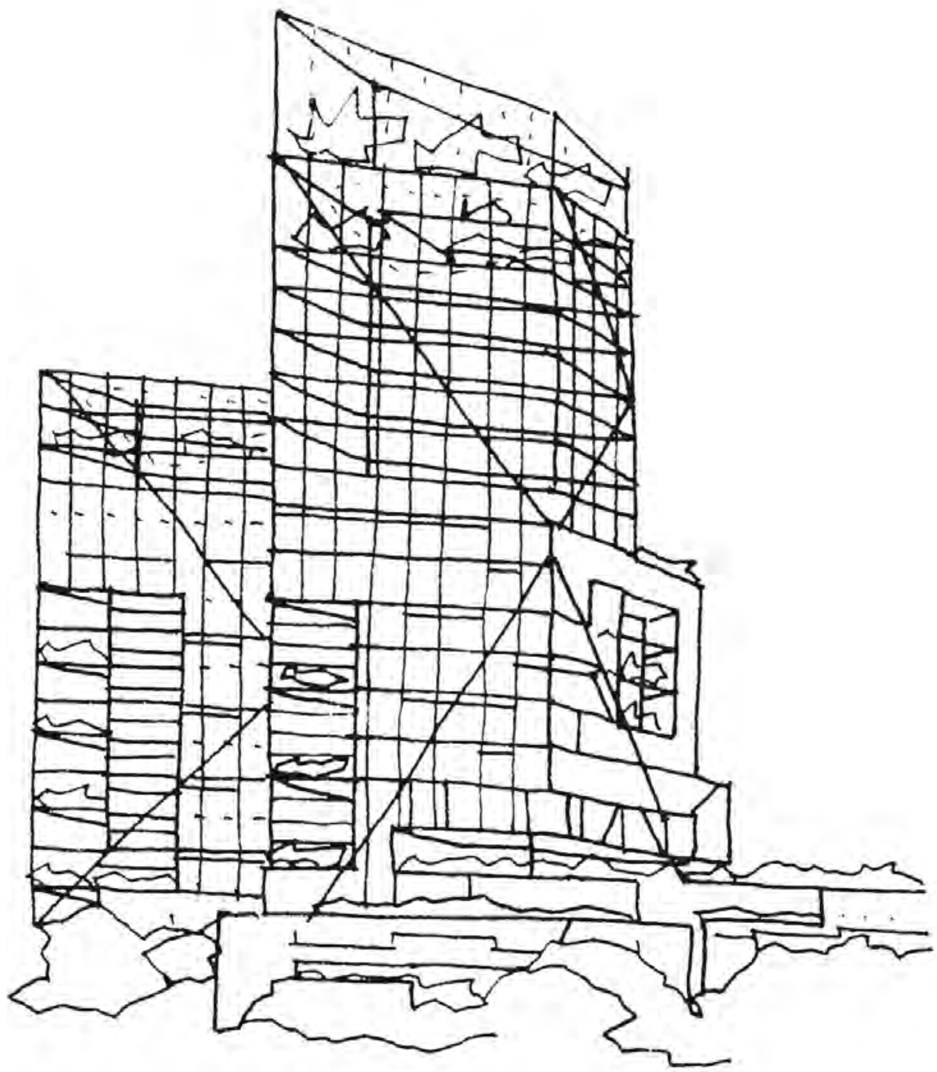
On 18 December 2013 the group acquired the entire issued share capital of Swanke Hayden Connell Europe Ltd, a major group of architects and interior designers with studios in the UK, Russia and Turkey.

The total consideration for the acquisition is £1.58m comprising a cash payment of £209,053 with the balance satisfied by the issue of 19,594,959 new ordinary shares at a price of 7.00 pence per share.

The enlarged group will trade as Aukett Swanke and a resolution will be proposed at the annual general meeting to change the name of the company to Aukett Swanke Group Plc.

The primary reasons for the acquisition are explained in the strategic report.

Due to the acquisition occurring shortly before approval of the financial statements, the completion accounts have not yet been prepared, and therefore finalised information on the assets acquired and liabilities assumed is not yet available.



Notice of meeting

Notice is hereby given that the annual general meeting of the company will be held at 9:30am on Tuesday 25 March 2014 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 2013.

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

3 To elect Andrew Murdoch as a director. Andrew Murdoch was appointed after the last annual general meeting.

4 To elect David Hughes as a director. David Hughes was appointed after the last annual general meeting.

5 To elect Nick Pell as a director. Nick Pell was appointed after the last annual general meeting.

6 To re-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

7 That the name of the company be changed to Aukett Swanke Group Plc.

8 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 £826,068 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.

9 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 £165,214 for cash pursuant to the authority conferred by resolution 8 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.

By order of the board

Duncan Harper
Company Secretary

17 January 2014

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

Notes

1 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.

2 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 Sunday 23 March 2013 (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.

Tom Nugent
Project Director
at Aukett Fitzroy Vostok

> *"The Azimut Sochi is a truly goliath undertaking and also a flagship project for Aukett Fitzroy Vostok.*
>
> *This resort is a significant part of the Olympic adventure for many visiting guests and journalists and we are proud to have had such a central role in creating this experience."*

Back cover / inside back cover: Azimut Sochi Hotel Complex, Russia
Client: Kortros

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