

VMC Consulting Europe Limited

Report and Financial Statements

Fiscal Year Ended

31 October 2017

Company Number 04310705



VMC Consulting Europe Limited

Report and financial statements for the year ended 31 October 2017

Contents

Page:

1	Strategic Report
2	Report of the directors
4	Independent auditor's report
7	Income Statement
8	Balance sheet
9	Notes forming part of the financial statements

Company Information

Directors

L. Naujokas
M. Pienaar

Company Secretary and Registered office

Dawn Ford, Volt House, 3 Chapel Road, Redhill, Surrey, England, RH1 1QD

Company number

04310705

Auditors

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

Bankers

HSBC, Global House, High Street, Crawley, West Sussex, RH10 1DL

VMC Consulting Europe Limited

Strategic report for the year ended 31 October 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 October 2017.

Results and dividends

The income statement is set out on page 7 and shows the loss for the year. The directors do not recommend the payment of a dividend (31 October 2016 - £nil).

The Company is engaged in the provision of software testing services in the UK and demand is linked to underlying product lifecycles. Turnover and gross profit have decreased in line with each other. Foreign exchange gains have partially offset the lower gross margin from the previous year.

In January 2017, VMC's sole contract with Microsoft completed and the VMC testing site was closed.

Review of the business

The profit and loss account is set out on page 7 and shows turnover for the year of £363,635 (31 October 2016 - £2,374,538). In 2017 the loss before tax for the year is (£294,089) compared to a loss of (£297,496) for the year ended 31 October 2016.

Principal risks and uncertainties

The company has a limited customer base and demand is linked to underlying product lifecycles. The company seeks to manage this risk by using flexible labour solutions wherever possible in the testing process.



M Pienaar

Director

16 August 2018

VMC Consulting Europe Limited

Directors' report for the year ended 31 October 2017

The directors present their report together with the audited financial statements for the year ended 31 October 2017.

Principal activities and future developments

The company is engaged in the provision of software testing services in the UK.

In January 2017, the contract with Microsoft completed and the VMC testing site was closed.

Going concern review

Volt Information Sciences, Inc., being the ultimate parent of VMC Consulting Europe Limited undertakes to continue to provide financial support as the Company may require to meet its liabilities for a period of not less than one year from the date of approval of these accounts, but only to the extent that financial resources are not otherwise available.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence, subject to Volt Information Sciences Inc.'s support, for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors of the company during the year and thereafter were:

L. Naujokas
M. Pienaar

Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102).

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

VMC Consulting Europe Limited

Directors' report (*Continued*)
for the year ended 31 October 2017

Directors' responsibilities (*Continued*)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the board



M Pienaar

Director

16 August 2018

Independent auditor's report

TO THE MEMBERS OF VMC CONSULTING EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMC CONSULTING EUROPE LIMITED

Opinion

We have audited the financial statements of VMC Consulting Europe Limited for the year ended 31 October 2017 which comprise the Income Statement, the Balance Sheet and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 October 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

Independent auditor's report (Continued)

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditor's report (Continued)

Use of our report

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.

Ernst & Young LLP

Naresh Alimchandani (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

17 August 2018

VMC Consulting Europe Limited

Income statement for the year ended 31 October 2017

	Notes	Year ended 31 October 2017 £	Year ended 31 October 2016 £
Turnover	2	363,635	2,374,538
Cost of sales		(266,779)	(1,546,740)
Gross profit		96,856	827,798
Administrative expenses		(536,313)	(822,214)
Gain/(Loss) on foreign exchange		145,368	(303,080)
Operating (Loss)	4	(294,089)	(297,496)
(Loss) on ordinary activities before taxation		(294,089)	(297,496)
Taxation benefit on ordinary activities	5	-	-
(Loss) on ordinary activities after taxation	9	(294,089)	(297,496)

Statement of comprehensive income for the year ended 31 October 2017

There are no recognised gains and losses other than the loss of £294,089 attributable to the shareholders in the year ended 31 October 2017 (2016: loss of £297,496).

The notes on pages 9 to 15 form part of these financial statements.

VMC Consulting Europe Limited

Balance sheet at 31 October 2017

<i>Company number 04310705</i>	Notes	31 October 2017 £	31 October 2017 £	31 October 2016 £	31 October 2016 £
Fixed assets					
Tangible assets	6	-			419,745
Current assets					
Trade debtors		-		326,530	
Amounts owed by group undertakings		3,722,156		3,560,758	
Other debtors		173,443		173,443	
Cash at bank and in hand		-		57,635	
		<u>3,895,599</u>		<u>4,118,366</u>	
Creditors: amounts falling due within one year					
Trade creditors		(1,481)		(227,163)	
Amounts owed to group undertakings		(4,602,754)		(5,425,232)	
Other creditors	7	(1,102,902)		(403,165)	
		<u></u>		<u></u>	
Net current liabilities			(1,811,538)		(1,937,194)
Net liabilities			<u>(1,811,538)</u>		<u>(1,517,449)</u>
Capital and reserves					
Called up share capital	8		1,000		1,000
Profit and loss account			(1,812,538)		(1,518,449)
			<u></u>		<u></u>
Shareholder's deficit	9		<u>(1,811,538)</u>		<u>(1,517,449)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 August 2018.



M Pienaar

Director

16 August 2018

The notes on pages 9 to 15 form part of these financial statements.

VMC Consulting Europe Limited

Notes forming part of the financial statements for the year ended 31 October 2017

1 Accounting policies

Statement of compliance

VMC Consulting Europe Limited is a company incorporated and domiciled in England and Wales under the Companies Act of 2006, limited by shares. The address of the registered office is Volt House, 3 Chapel Road, Redhill, Surrey, England, RH1 1QD. The nature of the Company's operations and its principal activities are set out in the business review on page 2.

The Company's financial statements have been prepared in compliance with FRS102 'The Financial Reporting standard applicable in the UK and Republic of Ireland' (FRS102) as it applies to the financial statements of the Company for the year ended 31 October 2017.

Basis of Preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable UK accounting standards.

The financial statement are prepared in Pounds Sterling (£), which is the functional currency of the Company as it is the currency of the primary economic environment in which the company operates.

Disclosure exemptions

The Company, which is a qualifying entity, has taken advantage of the following disclosure exemptions under FRS102:

- i. The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- ii. The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) to prepare a statement of cash flows
- iii. The requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A and Section 12 Other Financial Instruments paragraphs 12.26 to 12.29
- iv. The requirements of Section 33 Related Party Disclosures paragraph 33.7

Going concern

In January 2017, VMC's sole contract with Microsoft completed and the VMC testing site was closed. Therefore, Volt Information Sciences, Inc., being the ultimate parent of VMC Consulting Europe Limited, undertakes to continue to provide financial support as the Company may require to meet its liabilities for a period of not less than one year from the date of approval of these accounts, but only to the extent that financial resources are not otherwise available.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence, subject to Volt Information Sciences Inc.'s support, for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Revenue is recognised in the year in which services are rendered.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account

VMC Consulting Europe Limited

Notes forming part of the financial statements for the year ended 31 October 2017 (*Continued*)

Accounting policies (*continued*)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	-	Over the life of the lease
Fixtures and equipment	-	14% straight line
Computer equipment	-	33% straight line
Minor IT equipment	-	66% straight line

Residual value is calculated on prices prevailing at the date of acquisition. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

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

Operating leases

The annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Dilapidations provision

Dilapidations are based on a professional assessment and time apportioned over the life of the lease.

2 Turnover

	Year ended 31 October 2017	Year ended 31 October 2016
Turnover is derived as follows:	£	£
United Kingdom	363,635	2,374,538

In the opinion of the directors, all turnover relates to the principal business activity.

VMC Consulting Europe Limited

Notes forming part of the financial statements
for the year ended 31 October 2017 (Continued)

3 Employees

	Year ended 31 October 2017 £	Year ended 31 October 2016 £
Staff costs consist of:		
Wages and salaries	11,146	25,994
Social security costs	693	2,474
	<u>11,839</u>	<u>28,468</u>

Emoluments for the directors of the Company are paid for by a fellow subsidiary and parent undertaking of the Company. The relevant undertakings have not recharged any amount to the Company (2016: nil) on the basis that the amount attributable to the Company is negligible.

The average monthly number of employees, including directors, during the year was as follows:

	Number	Number
Administration and selling	<u>1</u>	<u>1</u>

4 Operating (loss)

	Year ended 31 October 2017 £	Year ended 31 October 2016 £
This has been arrived at after charging/(crediting):		
Depreciation	122,439	43,251
Hire of other assets – operating leases	96,947	223,859
(Gain)/loss on foreign exchange	(145,368)	303,080
	<u></u>	<u></u>

The auditor's remuneration for audit services amounts to £10,000 (31 October 2016 - £20,000).

VMC Consulting Europe Limited

Notes forming part of the financial statements
for the year ended 31 October 2016 (Continued)

5 Taxation on (loss) on ordinary activities

	Year ended 31 October 2017 £	Year ended 31 October 2016 £
<i>Current tax</i>		
UK corporation tax charge/(benefit) on loss for the year	-	-

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 October 2017 £	Year ended 31 October 2016 £
Loss on ordinary activities before tax	(294,089)	(297,496)
Corporation tax at the average small profits rate in the UK of 19.41% (31 October 2016 – 20.00%)	(57,094)	(59,499)
Effects of:		
Fixed asset differences	9,773	-
Expenses not deductible for tax purposes	1,944	1,087
Income not taxable for tax purposes	-	(10,000)
Tangible fixed asset difference in tax value	42,022	-
Group relief surrendered	31,563	47,715
Change in tax rates	(3,507)	7,914
Deferred tax not recognised	(24,701)	12,783
Current tax benefit for year	-	-

Deferred tax has not been recognised on losses carried forward of £439,098

Factors affecting future tax charges

The main UK corporation tax rate from 1 April 2016 was 20%. A reduction to the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and a further reduction to 17% (effective from 1 April 2020) were substantively enacted at the balance sheet date. Therefore the deferred tax asset at the 31 October 2017 was calculated at the rate at which the temporary difference was expected to reverse.

VMC Consulting Europe Limited

Notes forming part of the financial statements
for the year ended 31 October 2017 (Continued)

6 Tangible assets

	Leasehold improvements £	Fixtures and equipment £	Computer equipment £	Total £
<i>Cost</i>				
At 31 October 2016	336,044	156,497	512,264	1,004,805
Additions	-	-	-	-
Disposals	(336,044)	(156,497)	(512,264)	(1,004,805)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2017	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 31 October 2016	313,134	87,575	184,351	585,060
Provided for the year	17,103	2,159	103,177	122,439
Disposals	(330,237)	(89,734)	(287,528)	(707,499)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2017	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 October 2017	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2016	22,910	68,922	327,913	419,745
	<hr/>	<hr/>	<hr/>	<hr/>

7 Other Creditors

	Year ended 31 October 2017 £	Year ended 31 October 2016 £
Bank overdraft	1,067,396	-
Other taxes and social security costs	6,585	62,589
Accruals	10,000	62,020
Dilapidations provision	18,921	278,556
	<hr/>	<hr/>
	1,102,902	403,165
	<hr/>	<hr/>

VMC Consulting Europe Limited

Notes forming part of the financial statements
for the year ended 31 October 2017 (*Continued*)

8 Share capital

	Allotted, called up and fully paid			
	31 October 2017 Number	31 October 2016 Number	31 October 2017 £	31 October 2016 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

9 Reconciliation of movements in shareholder's deficit

	31 October 2017 £	31 October 2016 £
(Loss) for the year	(294,089)	(297,496)
Opening shareholder's deficit	(1,517,449)	(1,219,953)
Closing shareholder's deficit	(1,811,538)	(1,517,449)

10 Obligations under operating leases

As at 31 October 2017, the company had future minimum lease rentals payable under non-cancellable operating leases as set out below:

	31 October 2017 Land and buildings £	31 October 2016 Land and buildings £
Operating leases which expire:		
Within one year	-	28,908
In two to five years	-	-

11 Related party transactions

The Company has taken advantage of the exemption from disclosure of transactions with fellow subsidiaries under FRS 102 Section 33.1A, as it is a wholly-owned subsidiary undertaking and is grouped into the publicly available financial statements of its ultimate parent undertaking, Volt Information Sciences Inc.

12 Cash flow statement

The company has taken advantage of the exemption from preparing a cashflow statement under FRS 102 Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d), as it is a wholly-owned subsidiary undertaking and is grouped into the publicly available financial statements of its ultimate parent undertaking, Volt Information Sciences, Inc.

VMC Consulting Europe Limited

**Notes forming part of the financial statements
for the year ended 31 October 2017 (*Continued*)**

13 Immediate and ultimate parent company

At 31 October 2017 the immediate parent company was Volt Europe Holdings Limited, a company incorporated in England. The ultimate parent company is Volt Information Sciences, Inc., a company incorporated in the United States of America, which is the parent company of the smallest and largest group within which the financial statements of the company are consolidated. Copies of its consolidated financial statements can be obtained from Volt Information Sciences, Inc., 1133 Avenue of the Americas, New York, NY 10036, USA.