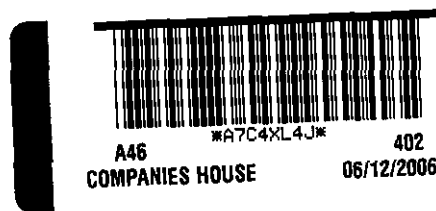


VT Technical Services Limited

**Directors' report and financial
statements**

Registered number 3463928

31 March 2006



VT Technical Services Limited
Directors' report and financial statements

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VT Technical Services Limited

Directors' report and financial statements

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

Principal activity

The company's principal activity is the construction of contract related buildings.

Business review

The results for the company show profit before tax of £106,000 (2005: £420,000) and turnover of £4,230,000 (2005: £3,012,000).

During the year the company successfully managed the completion of a fire fighting training unit in South Wales, which will operated by a fellow subsidiary company.

The key risk faced by the company is that of successful project management. This has been achieved in the current period as demonstrated by the on-time delivery of the fire fighting training unit.

The company will continue to seek future similar opportunities in line with overall group activity. Given the nature of these complex projects there can be no certainty over timing of future activity.

Directors

The directors who held office during the year were as follows:

CJ Cundy
SE Tarrant

The directors are also directors of VT Group plc and their interests in the shares of that company and their rights to subscribe for shares of that company are shown in its directors' report.

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.


Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

MP Jowett
Secretary

17 November 2006



VT Technical Services Limited

Directors' report and financial statements

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Dukes Keep
Marsh Lane
Southampton
Hampshire SO14 3EX

Independent auditors' report to the members of VT Technical Services Limited

We have audited the financial statements of VT Technical Services Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

VT Technical Services Limited
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Independent auditors' report to the members of VT Technical Services Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

24 November 2006

VT Technical Services Limited
Directors' report and financial statements

Profit and loss account

for the year ended 31 March 2006

	<i>Notes</i>	2006 £000	2005 £000 <i>Restated</i>
Turnover	2	4,230	3,012
Cost of sales		<u>(4,160)</u>	<u>(2,612)</u>
Gross profit		70	400
Interest receivable and similar income	4	<u>36</u>	<u>20</u>
Profit on ordinary activities before taxation		106	420
Tax on profit on ordinary activities	5	<u>(32)</u>	<u>(126)</u>
Profit on ordinary activities after taxation and profit for the financial year	11	<u>74</u>	<u>294</u>

The above results all relate to continuing activities.

There are no recognised gains or losses other than the profit for the year reported above. There is also no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents.

VT Technical Services Limited
Directors' report and financial statements

Balance sheet
at 31 March 2006

	<i>Notes</i>	2006 £000	2005 £000
Current assets			
Stock	7	-	615
Debtors	8	4	25
Cash at bank and in hand		<u>691</u>	<u>735</u>
		695	1,375
Creditors: amounts falling due within one year	9	<u>(324)</u>	<u>(1,078)</u>
Net current assets		<u>371</u>	<u>297</u>
Net assets		<u>371</u>	<u>297</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>371</u>	<u>297</u>
Shareholder's funds	12	<u>371</u>	<u>297</u>

These financial statements were approved by the board of directors on 17 November 2006 and were signed on its behalf by:

CJ Cundy
Director



VT Technical Services Limited

Directors' report and financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

Basis of preparation

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

Under Financial Reporting Standard 1 (1996 Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

In addition advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with VT Group plc or other group undertakings as the consolidated financial statements of VT Group plc in which the company is included are publicly available.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be readily measured. The following specific recognition criteria must also be met before turnover is recognised:

Sale of goods: turnover is recognised when the company obtains the right to consideration in exchange for its performance, which is usually when title passes.

Rendering of services: turnover from services rendered is recognised in proportion to the stage of completion of the transaction at the balance sheet date.

Long term contracts: turnover is recognised when, and to the extent that the group obtains the right to consideration. This is derived from an assessment of the fair value of the work performed to the reporting date as a proportion of the total fair value of the contract.

Stock

Stocks are stated as the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and conditions as follows:

Work in progress - cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

VT Technical Services Limited
Directors' report and financial statements

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements. The effect of adopting this standard in both the current and prior year is shown in note 11.

2 Turnover

Turnover is wholly attributable to the principal activities of the company and arises in the UK.

3 Remuneration of directors, employees and auditors

During the year and the previous year, the emoluments of the directors were borne by a fellow group company.

The company had no employees throughout the period. The auditor's remuneration is borne by a fellow subsidiary.

4 Interest receivable and similar income

	2006 £000	2005 £000
On bank deposits	<u>36</u>	<u>20</u>

5 Taxation

	2006 £000	2005 £000
<i>Current tax</i>		
UK corporation tax on profits of the year	<u>32</u>	<u>126</u>

Factors affecting the tax charge for the current period

The current tax charge for the year is equal *(2005: equal)* to the standard rate of corporation tax in the UK of 30% *(2005: 30%)*.

VT Technical Services Limited
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Notes *(continued)*

6 Dividends

	2006 £000	2005 £000 <i>Restated</i>
Ordinary shares: Dividend paid	<u>-</u>	<u>250</u>

7 Stocks

	2006 £000	2005 £000
Work in progress	<u>-</u>	<u>615</u>

8 Debtors

	2006 £000	2005 £000
Other taxes	<u>4</u>	<u>25</u>

9 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Payments received on account	257	-
Trade creditors	1	829
Amounts owed to group undertaking	1	19
Corporation tax	32	126
Accruals and deferred income	<u>33</u>	<u>104</u>
	<u>324</u>	<u>1,078</u>

10 Called up share capital

	2006 £	2005 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

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Notes *(continued)*

11 Reserves

	Profit and loss account £000
At 31 March 2004	
As previously stated	3
Prior year adjustment – FRS 21	<u>250</u>
As restated	<u>253</u>
Profit for the year as previously stated	294
Prior year adjustment – FRS 21	<u>(250)</u>
As restated	<u>44</u>
At 31 March 2005	297
Profit for the year	<u>74</u>
At 31 March 2006	<u>371</u>

Events after the balance sheet date

FRS 21 'Events after the Balance Sheet Date' requires that dividends declared after the balance sheet date should not be recognised as a liability at that date as the liability does not represent a present obligation as defined by FRS 12 'Provisions, Contingent Liabilities and Contingent Assets'. Dividends and other distributions to equity holders are recognised directly in equity and, as such, the impact of the change in accounting policy is not reflected in the statement of total recognised gains and losses. The table above shows the impact of the change in policy on equity.

12 Reconciliation of movements in shareholder's funds

	2006 £000	2005 £000 <i>Restated</i>
Profit for the financial year	74	294
Dividend	<u>-</u>	<u>(250)</u>
Net addition to shareholder's funds	<u>74</u>	<u>44</u>
Opening shareholder's funds as previously stated	297	3
Prior year adjustment (see note 11)	<u>-</u>	<u>250</u>
Opening shareholder's funds as restated	<u>297</u>	<u>253</u>
Closing shareholder's funds	<u>371</u>	<u>297</u>

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Notes *(continued)*

13 Ultimate parent company

The company is a subsidiary undertaking of VT Support Services Limited, a company incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are reported is that headed by VT Group plc. The consolidated financial statements are available to the public at that company's registered office of Grange Drive, Hedge End, Southampton. No other financial statements include the results of the company.