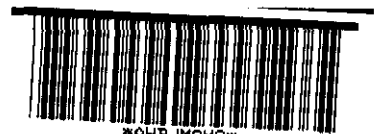


VT Technical Services Limited

**Directors' report and financial
statements**

Registered number 3463928

31 March 2005



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VT Technical Services Limited
Directors' report and financial statements

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VT Technical Services Limited
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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

Principal activity

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

Business review

The company constructed a Fire Fighting Training Unit located at Avonmouth and is now in the process of constructing a Fire Fighting Training Unit based in Cardiff, South Wales.

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 recommend a final ordinary dividend of £nil (2004: £250,000).

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

VT Technical Services Limited

Directors' report and financial statements

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have 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 on pages 4 to 8.

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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor

27 July 2005

VT Technical Services Limited
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Profit and loss account
for the year ended 31 March 2005

	<i>Notes</i>	2005 £000	2004 £000
Turnover	2	3,012	1,240
Cost of sales		<u>(2,612)</u>	<u>(934)</u>
Gross profit		400	306
Interest receivable and similar income	4	<u>20</u>	<u>30</u>
Profit on ordinary activities before taxation		420	336
Tax on profit on ordinary activities	5	<u>(126)</u>	<u>(100)</u>
Profit on ordinary activities after taxation		294	236
Dividends	6	<u>-</u>	<u>(250)</u>
Retained profit/(loss) for the financial year	11	<u>294</u>	<u>(14)</u>

The above results all relate to continuing activities.

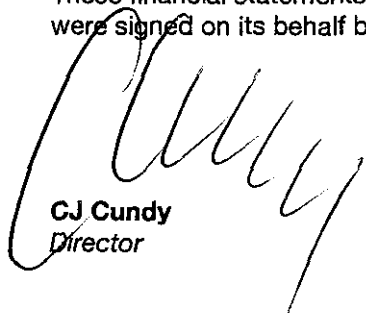
There are no recognised gains or losses other than the profit for the year reported above. There is also no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above, and their historical cost equivalents.

VT Technical Services Limited
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Balance sheet
at 31 March 2005

	<i>Notes</i>	2005 £000	2004 £000
Current assets			
Stock	7	615	415
Debtors	8	25	260
Cash at bank and in hand		735	332
		1,375	1,007
Creditors: amounts falling due within one year	9	(1,078)	(1,004)
Net current assets		297	3
Net assets		297	3
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account		297	3
Equity shareholder's funds	11	297	3

These financial statements were approved by the board of directors on 16TH MAY..... 2005 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

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.

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.

2 Turnover

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

3 Remuneration of directors

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

VT Technical Services Limited
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Notes *(continued)*

4 Interest receivable and similar income

	2005 £000	2004 £000
On bank deposits	<u>20</u>	<u>30</u>

5 Taxation

	2005 £000	2004 £000
<i>Current tax</i>		
UK corporation tax on profits of the year	126	101
Adjustment in respect of previous period	<u>-</u>	<u>(1)</u>
Tax on profit on ordinary activities	<u>126</u>	<u>100</u>

Factors affecting the tax charge for the current period

The current tax charge for the year is equal *(2004: equal)* to the standard rate of corporation tax in the UK of 30% *(2004: 30%)*.

6 Dividends

	2005 £000	2004 £000
Ordinary shares:		
Final proposed of £Nil (2004 - £125,000) per share	<u>-</u>	<u>250</u>

7 Stocks

	2005 £000	2004 £000
Work in progress	<u>615</u>	<u>415</u>

8 Debtors

	2005 £000	2004 £000
Other taxes	25	8
Other debtors	-	2
Amounts owed by group undertakings	<u>-</u>	<u>250</u>
	<u>25</u>	<u>260</u>

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Notes *(continued)*

9 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Trade creditors	829	12
Amounts owed to group undertaking	19	-
Corporation tax	126	101
Proposed dividend	-	250
Accruals and deferred income	<u>104</u>	<u>641</u>
	<u>1,078</u>	<u>1,004</u>

10 Called up share capital

	2005 £	2004 £
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>

11 Reconciliation of movements in shareholder's funds

	2005 £000	2004 £000
Profit/(loss) for the financial year	<u>294</u>	<u>(14)</u>
Net addition in/(reduction to) shareholder's funds	294	(14)
Opening shareholder's funds	<u>3</u>	<u>17</u>
Closing shareholder's funds	<u>297</u>	<u>3</u>

12 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.