

VT Fire Services Limited

Directors' report and financial statements

Registered number 3707192

31 March 2009

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VT Fire Services Limited
Directors' report and financial statements

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VT Fire Services Limited

Directors' report and financial statements

The directors' report and the business review

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Principal activity

The company's principal activity is the design, construction and maintenance of Fire Fighting Units for use in the provision of fire fighting training to the Royal Navy.

Business review

Key performance indicators:

	2009	2008
Turnover	£4.9m	£4.6m
Operating profit	£2.5m	£2.4m

During the year the main activity of the company was the maintenance of the Fire Fighting Training Units for the Naval Recruiting & Training Agency (NRTA) at Portsmouth and Plymouth through its sub-contract from Flagship Fire Fighting Training Ltd. The company's performance is monitored by a variety of qualitative measures in terms of service delivery that can result in performance deductions. To date the level of performance deductions has remained below original expectations. Operating profit was higher than the previous year.

The key risk facing the company is maintaining high quality delivery to the client ensuring that the fire fighting training facilities are available as and when required. This is mitigated by ensuring that there is a close working relationship with the NRTA and a detailed maintenance schedule is in place based upon historical experience of managing similar contracts.

In addition the company is susceptible to interest rate fluctuations on long term borrowings. The company have managed this risk by the use of an interest rate swap to achieve a fixed rate borrowing.

The company has 12 years remaining of the original contract with the NRTA in respect of the operation of the facilities, providing visibility of future trading income.

Dividends

The directors do not recommend the payment of a final dividend (2008: *£nil*).
An interim dividend of £4m was paid in the year.

Directors

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

J Davies
PJ Harrison

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.

VT Fire Services Limited
Directors' report and financial statements

The directors' report and the business review *(continued)*

Charitable and political donations

There were no charitable (2008: *£nil*) or political donations (2008: *£nil*) during the year.

Auditors

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



M P Jowett
Secretary

09 September 2009

VT Fire Services Limited

Directors' report and financial statements

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 of the company 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 UK accounting standards 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.

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 its 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 Fire Services Limited

We have audited the financial statements of VT Fire Services Limited for the year ended 31 March 2009 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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.

In addition we 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.



KPMG Audit Plc

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Marsh Lane
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**Independent auditors' report to the members of VT Fire 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 2009 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

9 September 2009

VT Fire Services Limited
Directors' report and financial statements

Profit and loss account

for the year ended 31 March 2009

	<i>Notes</i>	2009 £000	2008 £000
Turnover	2	4,886	4,618
Operating costs		<u>(2,358)</u>	<u>(2,242)</u>
Operating profit		2,528	2,376
Interest receivable and similar income	4	323	543
Interest payable and similar charges	5	<u>(912)</u>	<u>(1,043)</u>
Profit on ordinary activities before taxation	6	1,939	1,876
Tax on profit on ordinary activities	7	<u>(731)</u>	<u>272</u>
Profit for the financial year	15	<u>1,208</u>	<u>2,148</u>

The above results all relate to continuing activities.

There are no recognised gains or losses other than the profit (*2008: profit*) for the year reported above. There is also no difference between the profit (*2008: profit*) on ordinary activities before taxation and the profit (*2008: profit*) for the financial year stated above, and their historical cost equivalents.

VT Fire Services Limited
Directors' report and financial statements

Balance sheet
at 31 March 2009

	<i>Notes</i>	2009 £000	2008 £000
Fixed assets			
Tangible assets	9	<u>9,497</u>	<u>10,766</u>
Current assets			
Debtors	10	4,984	4,151
Cash at bank and in hand		<u>5,250</u>	<u>9,971</u>
		10,234	14,122
Creditors: amounts falling due within one year	11	<u>(2,106)</u>	<u>(3,360)</u>
Net current assets		<u>8,128</u>	<u>10,762</u>
Total assets less current liabilities		17,625	21,528
Creditors: amounts falling due after more than one year	12	(12,415)	(13,455)
Provisions for liabilities and charges	13	<u>(845)</u>	<u>(916)</u>
Net assets		<u>4,365</u>	<u>7,157</u>
Capital and reserves			
Called up share capital	14	50	50
Profit and loss account	15	<u>4,315</u>	<u>7,107</u>
Shareholder's funds	16	<u>4,365</u>	<u>7,157</u>

These financial statements were approved by the board of directors on 29 September 2009 and were signed on its behalf by:



PJ Harrison
Director

VT Fire 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 UK generally accepted accounting principles using 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 revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Turnover from services rendered is recognised by reference to the stage of completion of the transaction. Turnover from services provided on a short-term or one-off basis is recognised when the service is complete. The provision of services over a long-term period are treated as construction contracts, and the turnover recognised as set out below.

Construction contracts

Turnover from construction contracts, including long-term service provision contracts, is recognised by reference to the stage of completion of the contract. The stage of completion is determined by the costs incurred on the contract to date, to the extent that such costs represent progress made on the project. A prudent level of profit attributable to the contract activity is recognised if the final outcome of such contracts can be reliably assessed. An expected loss on a contract is recognised immediately in the income statement.

Tangible fixed assets and depreciation

The cost of tangible fixed assets comprises the purchase price and any directly attributable costs incurred in acquiring the assets.

Depreciation is provided on tangible fixed assets, at rates calculated to write off the cost less residual value of each asset on a straight line basis over the expected useful life as follows:

Leasehold land and buildings	-	20 years
Plant and machinery	-	1 – 20 years

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.

VT Fire 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 year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation 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. Deferred taxation assets are recognised only to the extent that, in the opinion of the directors, there is a reasonable probability that the asset will crystallise in the foreseeable future.

2 Analysis of turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Remuneration of directors

None of the directors received remuneration for their services to the company as the services provided to the company are incidental to their wider role in the group (2008: *£nil*). The company employs no staff.

4 Interest receivable and similar income

	2009 £000	2008 £000
On bank deposits	<u>323</u>	<u>543</u>

5 Interest payable and similar charges

	2009 £000	2008 £000
Interest payable to fellow group undertaking	114	122
Interest on bank loan	<u>798</u>	<u>921</u>
	<u>912</u>	<u>1,043</u>

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2009 £000	2008 £000
Depreciation - owned tangible fixed assets	1,446	1,354
Auditors remuneration - audit of these financial statements	<u>5</u>	<u>6</u>

Fees paid to the company's auditors, KPMG Audit Plc, and its associates, for services other than statutory audit of the company, are disclosed on a consolidated basis to the financial statements of the ultimate parent undertaking, VT Group plc.

VT Fire Services Limited
Directors' report and financial statements

Notes *(continued)*

7 Taxation

	2009 £000	2008 £000
<i>Current tax</i>		
UK corporation tax on profits of the year	801	721
Adjustments in respect of prior years	<u>1</u>	<u>-</u>
Total current tax charge	<u>802</u>	<u>721</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(71)	(34)
Adjustment in respect of prior periods	<u>-</u>	<u>(959)</u>
Total deferred tax charge	<u>(71)</u>	<u>(993)</u>
Tax charge/(credit) on ordinary activities	<u>731</u>	<u>(272)</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2008: higher) than the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009 £000	2008 £000
Profit on ordinary activities before tax	<u>1,939</u>	<u>1,876</u>
Profit on ordinary activities multiplied by standard rate in UK of 28% (2008: 30%)	543	563
<i>Effects of:</i>		
Depreciation on assets not qualifying for allowances	187	189
Difference between capital allowances and depreciation	71	(31)
Adjustments in respect of prior years	<u>1</u>	<u>-</u>
Current tax charge for the year	<u>802</u>	<u>721</u>

8 Dividends

	2009 £000	2008 £000
<i>Ordinary Shares:</i>		
Interim dividends paid of £80.00 per share	<u>4,000</u>	<u>-</u>

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Notes (continued)

9	Tangible assets	Short leasehold land and buildings £000	Plant and machinery £000	Total £000
	Cost			
	At beginning of year	8,071	11,865	19,936
	Additions	<u>-</u>	<u>177</u>	<u>177</u>
	At end of year	<u>8,071</u>	<u>12,042</u>	<u>20,113</u>
	Depreciation			
	At beginning of year	2,873	6,297	9,170
	Charge for year	<u>405</u>	<u>1,041</u>	<u>1,446</u>
	At end of year	<u>3,278</u>	<u>7,338</u>	<u>10,616</u>
	Net book value			
	At 31 March 2009	<u>4,793</u>	<u>4,704</u>	<u>9,497</u>
	At 31 March 2008	<u>5,198</u>	<u>5,568</u>	<u>10,766</u>
10	Debtors		2009 £000	2008 £000
	Trade debtors		-	730
	Amounts owed by group undertakings		714	-
	Accrued income		260	-
	Amounts recoverable on contracts		<u>4,010</u>	<u>3,421</u>
			<u>4,984</u>	<u>4,151</u>
11	Creditors: amounts falling due within one year		2009 £000	Restated 2008 £000
	Bank loan (secured – see note 12)		904	848
	Amounts owed to group undertakings		1,009	2,426
	Other taxes and social security		171	79
	Accruals and deferred income		<u>22</u>	<u>7</u>
			<u>2,106</u>	<u>3,360</u>

The prior period has been restated to more appropriately classify balances with group companies arising as a result of the Corporation tax group payment arrangement.

VT Fire Services Limited
Directors' report and financial statements

Notes *(continued)*

12 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Bank loan (secured)	11,266	12,211
Amounts owed to group undertakings	1,149	1,244
	12,415	13,455

The bank loan is secured by Barclays Bank plc via a fixed and floating charge over the shares and assets of VT Fire Services Limited.

	2009 £000	2008 £000
Amounts due:		
In one year or less	904	848
In more than one year but not more than two years	962	904
In more than two years but not more than five years	3,276	3,077
In more than five years	7,028	8,230
	12,170	13,059

The bank loan is repayable by six-monthly capital and interest instalments and bears interest at a fixed rate of 6.45%. The loan is due to be repaid in full by 31 March 2019. The group loan is repayable six-monthly capital and interest and bears interest at a fixed rate of 8%.

13 Provisions for liabilities and charges

	Deferred taxation £000
At beginning of year	(916)
Debit in year	71
At end of year	(845)

The deferred taxation liability is analysed as follows:

	2009 £000	2008 £000
Accelerated capital allowances	(845)	(916)

VT Fire Services Limited
Directors' report and financial statements

Notes *(continued)*

14 Called up share capital

	2009 £000	2008 £000
Authorised		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

15 Reserves

	Profit and loss account £000
At beginning of year	7,107
Interim dividend paid	(4,000)
Profit for the year	<u>1,208</u>
At end of year	<u>4,315</u>

16 Reconciliation of movements in shareholder's funds

	2009 £000	2008 £000
Profit for the financial year	1,208	2,148
Interim dividend paid	<u>(4,000)</u>	<u>-</u>
Net (reduction)/increase to shareholder's funds	(2,792)	2,148
Opening shareholder's funds	<u>7,157</u>	<u>5,009</u>
Closing shareholder's funds	<u>4,365</u>	<u>7,157</u>

17 Related party transactions

During the year the company has entered into transactions, in the ordinary course of business, with Flagship Fire Fighter Training Limited (FFFT). The entity was a joint venture undertaking during the year and the remaining 50% shareholding was purchased on 1st July 2008 at which date FFFT ceased to be a related party. All transactions were on an arm's length basis. Transactions during the year and the balance outstanding at 31 March 2009 with these related parties are as follows:

Related party	Sales to related party £000	Amounts owed by related party £000
Flagship Training Limited		
2009	932	-
2008	4,109	730

VT Fire Services Limited
Directors' report and financial statements

Notes *(continued)*

18 Ultimate parent company

The company is a subsidiary undertaking of Vosper Thornycroft (UK) Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking of the company is VT Group plc, 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 VT House, Grange Drive, Hedge End, Southampton, SO30 2DQ. No other financial statements include the results of the company.