

**Babcock Technical Services Limited**  
**(formerly VT Technical Services Limited)**

**Directors' report and financial statements**

**Registered number 03463928**

**For the year ended 31 March 2011**

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**Directors' report and the business review**

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2011. This report has been prepared taking advantage of the small companies exemption in accordance with section 415A of the Companies Act 2006.

On 23 March 2010, Babcock International Group PLC ("Babcock") and the company's ultimate parent undertaking, VT Group plc, announced that they had reached agreement on the terms of a recommended acquisition by Babcock of all the issued and to be issued share capital of VT Group Plc. The acquisition was completed with effect from 8 July 2010 with VT Group Plc shares being de-listed from the London Stock Exchange on 9 July 2010.

The company changed its name from VT Technical Services Limited to Babcock Technical Services Limited on 9 July 2010.

**Principal activity**

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

**Results and dividends**

The results for the company show profit before tax of £nil (2010 £nil) and £nil turnover (2010 £nil).

The directors do not recommend the payment of a dividend (2010 £nil).

**Future developments**

The company did not trade during the current or prior year, but 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:

J Davies

PJ Harrison (resigned 9 July 2010)

F Martinelli (appointed 9 July 2010)

**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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 period. 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 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Qualifying third party indemnity provisions**

Under the Articles of Association, the directors of the company are, and were during the year to 31 March 2011, entitled to be indemnified by the company against liabilities and costs incurred in connection with the execution of their duties or the exercise of their powers, to the extent permitted by the Companies Act 2006.

**Disclosure of information to auditors**

Each of the directors at the date of approval of this report, as shown on page 2, confirm the following:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Babcock Technical Services Limited (formerly VT Technical Services Limited)**  
**Directors report for the year ended 31 March 2011**

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**Independent auditors**

During the year the company changed its auditor to PricewaterhouseCoopers LLP, as a result of the change of ownership of the company's parent. The company has dispensed with the requirement for an Annual General Meeting and the need to appoint auditors annually.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'F. Martinelli', with a stylized flourish at the end.

**F Martinelli**

**Director**

9 September 2011

**Independent auditors' report to the members of Babcock Technical Services Limited  
(formerly VT Technical Services Limited)**

We have audited the financial statements of Babcock Technical Services Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its result 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

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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the 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, 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, or
- the directors were not entitled to prepare the directors' report in accordance with the small company regime



**Michael Coffin (Senior Statutory Auditor)**

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Southampton

14 September 2011

**Babcock Technical Services Limited (formerly VT Technical Services Limited)**  
**Profit and Loss for the year ended 31 March 2011**

	<i>Notes</i>	<b>2011 £000</b>	<b>2010 £000</b>
Interest receivable and similar income		-	-
<b>Profit on ordinary activities before taxation</b>		<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	3	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>	7	<u>-</u>	<u>-</u>

The above results all relate to continuing activities

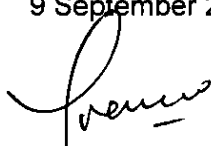
There are no recognised gains or losses other than the profit for the year reported above

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents

**Babcock Technical Services Limited (formerly VT Technical Services Limited)**  
**Balance Sheet as at 31 March 2011**

	Notes	2011 £000	2010 £000
<b>Current assets</b>			
Debtors	4	2	2
Cash at bank and in hand		<u>25</u>	<u>25</u>
		27	27
<b>Net assets</b>		<u>27</u>	<u>27</u>
<b>Capital and reserves</b>			
Profit and loss account	6	<u>27</u>	<u>27</u>
<b>Shareholder's funds</b>	7	<u>27</u>	<u>27</u>

The financial statements on pages 7 to 11 were approved by the board of directors on 9 September 2011 and were signed on its behalf by



**F Martinelli**  
Director



**1 Accounting policies**

**Basis of preparation**

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

A summary of the more important Company accounting policies which have been consistently applied is set out below

Under the provisions of FRS 1 (Revised 1996) "Cash Flow Statements", the company has not prepared a cash flow statement because its ultimate parent company, Babcock International Group PLC, which is registered in England and Wales, prepares publicly available consolidated financial statements in which the results and cash flows of the company are included. The company is also exempt under the terms of FRS 8 from disclosing related-party transactions with entities that are part of the Babcock International Group PLC or investees of the Babcock International Group PLC group

**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 tax is recognised without discounting, in respect of all timing differences between the treatment of certain tax 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. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

**2 Remuneration of directors, employees and auditors**

All of the directors of the company are subject to service agreements with and remunerated by other group companies. It is not possible to make an accurate apportionment of their emoluments relating to the services provided to the company

There were no employees of the company during the current, or prior, year

The auditors' remuneration charges were borne by a fellow subsidiary

No other fees are paid to PricewaterhouseCoopers LLP, or its associates, in respect of this company, other than the statutory audit of the company. Fees for other services are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC

**3 Taxation**

	<b>2011 £000</b>	<b>2010 £000</b>
<i>Current tax</i>		
Adjustments in respect of prior years	-	-
Total current tax charge	-	-
	<b>2011 £000</b>	<b>2010 £000</b>
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate in UK of 28% (2010 28%)	-	-
<i>Effects of</i>		
Adjustments in respect of prior years	-	-
Current tax for the year	-	-

A number of changes to the UK Corporation tax system were announced in the March 2011 Budget Statement. The rate of Corporation tax was reduced from 28% to 26% with effect from 1 April 2011. Legislation to reduce the main rate of Corporation tax from 26% to 25% from 1 April 2012 was substantively enacted on 5 July 2011 in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

**4 Debtors**

	<b>2011 £000</b>	<b>2010 £000</b>
Amounts owed by group undertakings	<u>2</u>	<u>2</u>
Amounts owed by group undertakings are interest free, unsecured and repayable on demand		

**5 Called up share capital**

	<b>2011 £</b>	<b>2010 £</b>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**6 Profit and loss account**

	<b>Profit and loss account £000</b>
At beginning and end of year	<u>27</u>

**7 Reconciliation of movements in shareholder's funds**

	<b>2011 £000</b>	<b>2010 £000</b>
Profit for the financial year	<u>-</u>	<u>-</u>
<b>Net addition to shareholder's funds</b>	<b>-</b>	<b>-</b>
Opening shareholder's funds	<u>27</u>	<u>27</u>
<b>Closing shareholder's funds</b>	<u>27</u>	<u>27</u>

**8 Contingent Liabilities**

The company at the period end had joint and several liability for drawn bank overdraft facilities of other group companies for the value of £4 5million

**9 Ultimate parent and controlling party**

The immediate parent undertaking is Babcock International Support Services Limited, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent undertaking and controlling party is Babcock International 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 Babcock International Group PLC

Copies of Babcock International Group PLC consolidated financial statements can be obtained from the Company Secretary at Babcock International Group PLC, 33 Wigmore Street, London W1U 1QX