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**Babcock Land (Whitefleet Management) Limited**

**Annual Report**

**For the year ended 31 March 2014**

**Company registration number:**

**04020610**



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**Babcock Land (Whitefleet Management) Limited**

**Directors and advisors**

**Directors**

F Martinelli  
N Anderson  
J Davies

**Company secretary**

Babcock Corporate Secretaries Limited

**Registered office**

33 Wigmore Street  
London  
W1U 1QX

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Savannah House  
3 Ocean Way  
Southampton  
SO14 3TJ

## **Babcock Land (Whitefleet Management) Limited**

### **Strategic report for the year ended 31 March 2014**

The directors present their strategic report on the Company for the year ended 31 March 2014.

#### **Principal activities**

The principal activity of the Company used to be the supply of private and commercial non-military vehicles, however the company is no longer trading.

#### **Review of the business**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Turnover	-	15,850
Operating profit	<b>139</b>	<b>88</b>

The Company's contract with the Ministry of Defence ("MoD"), referred to as the "White Fleet" contract, ended in February 2012 with the transfer of services to "Phoenix", the MoD's new vehicle provision contract operated by another company. Certain limited services were provided up until November 2012. As the company is no longer trading, no further financial risk management or analysis using key performance indicators ("KPI's") are required.

The Company's sole customer was the MoD and it sourced its purchases from Lex Vehicle Leasing Limited for the supply of private cars, Babcock Land Limited for the supply of commercial vehicles and Whitefleet Limited for contract management.

The Company acted as a principal on the contract.

#### **Future developments**

The Company ceased trading in the prior year as a result of the White Fleet contract coming to an end and there are no plans to recommence trading. The Company will be wound up in due course and the financial statements have therefore been prepared on a non-going concern basis.

#### **Financial risk management**

Information on the Financial Risk Management of the Company can be found in the Directors' report.

By order of the board



N Anderson

**Director**

19 June 2014

**Directors' report for the year ended 31 March 2014**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2014.

**Results and dividends**

The Company's results for the year are set out in the profit and loss account on page 7 showing a profit for the financial year after tax of £139,000 (2013: £88,000). At 31 March 2014, the Company had net assets of £564,000 (2013: £425,000).

No dividends were paid or proposed in the year (2013: £Nil).

**Future developments**

Information on the future developments of the Company can be found in the strategic report.

**Financial risk management**

The Company is no longer trading therefore there is no further financial risk management needed. The remaining financial obligations will be met through existing reserves.

**Directors**

The directors who held office during the year and up to the date of signing the financial statements were as follows:

F Martinelli  
N Anderson  
J Davies

**Statement of 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 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.

**Directors' report for the year ended 31 March 2014** *(Continued)*

**Statement of 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.

**Directors' protection**

Babcock International Group PLC also provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by Companies Act 2006) for the benefit of members of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities came into force in 2012 and remain in force.

**Disclosure of information to auditors**

Each director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

By order of the board



N Anderson  
**Director**  
19 June 2014

## **Babcock Land (Whitefleet Management) Limited**

### **Independent auditors' report to the members of Babcock Land (Whitefleet Management) Limited**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit 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.

This opinion is to be read in the context of what we say in the remainder of this report.

##### **Emphasis of matter - Basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the going concern basis of accounting. The company has ceased trading and the directors expect the company to be wound up in due course. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. Adjustments have been made in these financial statements to reduce assets to their realisable values, and to provide for liabilities arising from the decision.

##### **What we have audited**

The financial statements, which are prepared by Babcock Land (Whitefleet Management) Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

**Independent auditors' report to the members of Babcock Land (Whitefleet Management) Limited (continued)**

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

In our opinion 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.

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3 to 4, 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 ISAs (UK & 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.



Michael Coffin (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton  
20 June 2014

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**Babcock Land (Whitefleet Management) Limited****Profit and loss account***for the year ended 31 March 2014*

	Notes	<b>2014</b> <b>£000</b>	2013 £000
<b>Turnover</b>	2	-	15,850
Cost of sales		<u>139</u>	<u>(15,762)</u>
<b>Operating profit</b>			
<b>being profit on ordinary activities before taxation</b>	3	<u>139</u>	<u>88</u>
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>	10	<u><u>139</u></u>	<u><u>88</u></u>

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

There are no recognised gains or losses other than the profit (2013: profit) for the financial year reported above and therefore no separate statement of recognised gains or losses has been presented.

All results derive from discontinued activities.



# Babcock Land (Whitefleet Management) Limited

## Balance sheet

as at 31 March 2014

	Notes	2014 £000	2013 £000
<b>Current assets</b>			
Debtors	6	284	226
Cash at bank and in hand		445	495
		<u>729</u>	<u>721</u>
<b>Creditors – amounts falling due within one year</b>	7	<u>(140)</u>	<u>(296)</u>
<b>Net current assets</b>		<u>589</u>	<u>425</u>
Provisions for liabilities	8	<u>(25)</u>	-
<b>Net assets</b>		<u>564</u>	<u>425</u>
<b>Capital and reserves</b>			
Called-up share capital	9	-	-
Profit and loss account	10	<u>564</u>	<u>425</u>
<b>Total shareholder's funds</b>	11	<u>564</u>	<u>425</u>

The financial statements on pages 7-14 were approved by the board of directors and signed on its behalf by:



N Anderson  
**Director**  
19 June 2014

**Notes to the financial statements**  
(forming part of the financial statements)

**1. Accounting policies**

The following accounting policies have been applied consistently throughout the year.

***Basis of preparation***

The financial statements have been prepared in accordance with UK generally accepted accounting principles and the Companies Act 2006, using the historical cost convention.

The Company is a wholly-owned subsidiary of Babcock International Group PLC. Consequently, the Company has taken advantage of the exemption available under FRS 8 not to disclose details of transactions with Babcock International Group PLC or other group undertakings, and is included in the consolidated financial statements of Babcock International Group PLC, which are publicly available.

***Going concern***

The Company ceased trading in the prior year. Accordingly, the going concern basis of accounting is no longer appropriate. Adjustments have been made in these financial statements to write down assets to their recoverable value and to provide for liabilities arising as a result of the decision to cease trading. The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies which are now considered significant given the presentation of the financial statements as at 31 March 2013 and 31 March 2014 on a non-going concern basis.

***Turnover***

Turnover represents the value of services provided net of value added tax. 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 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 Company invoices the MoD for all services in relation to this contract; this includes services provided by its sub-contractors. The Company classifies the total contract revenue with the MoD within Turnover, as it is considered to be the principal in the arrangement. The Company invoices the MoD for all services and holds the risk of default if the MoD does not pay the invoice. The Company is responsible for the selection and monitoring of the sub-contractors it engages with to fulfil the services under the contract with the MoD.

**Notes to the financial statements (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 tax'. Deferred taxation assets are recognised only to the extent that in the opinion of the directors, there is reasonable probability that the asset will crystallise in the foreseeable future. Deferred tax is measured at the average 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 substantively enacted by the balance sheet date.

***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

***Cash flow statement***

The company is a wholly-owned subsidiary of Babcock International Group PLC and is included in the consolidated financial statements of Babcock International Group PLC, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

***Provisions for liabilities***

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**2. Turnover**

Turnover derives solely from the Company's principal activity of the supply of private and non-military vehicles to the MoD.

All turnover relates to the United Kingdom market and originates from the United Kingdom.

**3. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	<b>2014</b>	2013
	<b>£000</b>	£000
Operating lease charges		
- plant and machinery	-	14,199

Fees paid to the Company's auditors, PricewaterhouseCoopers LLP, and its associates, for services other than the statutory audit of the Company, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC.

**Notes to the financial statements (continued)**

**3. Profit on ordinary activities before taxation (continued)**

Fees payable for the audit to the Company's auditor, of £5,000 (2013: £5,000) are borne by Babcock Land Limited, a fellow group undertaking.

**4. Directors' remuneration**

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 (2013: £Nil). The Company employs no staff (2013: Nil).

**5. Tax on profit on ordinary activities**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax charge for the year</b>	-	-
<b>Tax on profit on ordinary activities</b>	-	-

The tax assessed for the year is lower (2013: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2014 of 23% (2013: 24%). The differences are explained below:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Profit on ordinary activities before tax</b>	<b>139</b>	<b>88</b>
Profit on ordinary activities multiplied by standard UK corporation tax rate of 23% (2013: 24%)	<b>32</b>	<b>21</b>
Effects of:		
Expenses not deductible for tax purposes	-	24
Group relief for nil consideration	<b>(32)</b>	<b>(45)</b>
<b>Current tax charge for the year</b>	-	-

**Factors affecting current and future tax charges**

A number of changes to the UK Corporation tax system were announced in the March 2012 Budget Statement. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is included in the Finance Act 2013. Further changes to the UK corporation tax system were announced in the March 2013 Budget Statement. These included further reductions to the main corporation rate from 21% to 20% by 1 April 2015. These further changes have been substantively enacted at the balance sheet date and, therefore the impact is included in these financial statements. As a result of the above all deferred tax balances are restated at 20% at the balance sheet date.

**Notes to the financial statements (continued)****6. Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Due within one year:</b>		
Trade debtors	-	11
Amounts owed by joint venture and group undertakings	<b>284</b>	188
Other taxation	-	27
	<hr/>	<hr/>
	<b>284</b>	<b>226</b>

Amounts owed by joint venture and group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**7. Creditors - amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>4</b>	23
UK corporation tax payable	<b>135</b>	135
Other creditors	<b>1</b>	138
	<hr/>	<hr/>
	<b>140</b>	<b>296</b>

The Company has access to the Babcock International Group PLC overdraft facility. The Company along with fellow group undertakings has provided cross-guarantees in relation to this facility (note 12).

**8. Provisions for liabilities**

	<b>Closure provision £000</b>
At 1 April 2013	-
Charged to the profit and loss account	(25)
	<hr/>
<b>At 31 March 2014</b>	<b>(25)</b>

The closure provision relates to the costs that will be incurred by the Company in winding it up and is expected to be utilised within one year.

Notes to the financial statements *(continued)*

9. Called-up share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
1 (2013: 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

10. Reserves

	<b>Profit and loss account £000</b>
At 1 April 2013	425
Profit for the financial year	<u>139</u>
<b>At 31 March 2014</b>	<u><b>564</b></u>

	<b>Profit and loss account £000</b>
At 1 April 2012	337
Profit for the financial year	<u>88</u>
<b>At 31 March 2013</b>	<u><b>425</b></u>

11. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Profit on ordinary activities after taxation	<u>139</u>	<u>88</u>
Net increase in shareholders' funds	139	88
Opening shareholders' funds	<u>425</u>	<u>337</u>
Closing shareholders' funds	<u><b>564</b></u>	<u><b>425</b></u>

**Notes to the financial statements (continued)****12. Guarantees and financial commitments***a) Contingent liabilities*

The Company at the period end had guaranteed and had joint and several liabilities for drawn Babcock International Group PLC bank facilities of £620.8 million (2013: £658.6 million) provided to certain group companies.

In addition, the Company at the period end had joint and several liabilities for drawn bank overdraft facilities of other group companies of £nil (2013: £nil).

**13. Related party disclosures**

During the year the Company entered into the following transactions with Whitefleet Limited, a company owned 50% by Babcock International Group PLC.

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Sales	-	80
Purchases	-	(15,110)
Balance outstanding due from Whitefleet Limited, as at 31 March	<b>200</b>	<b>129</b>

**14. Ultimate parent undertaking**

The Company is a subsidiary undertaking of Babcock Land Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking and controlling party of the Company is Babcock International Group PLC, a company incorporated in Great Britain and registered in England and Wales.

The only group in which the results of the Company are reported is that headed by Babcock International Group PLC. The consolidated financial statements are available to the public at that company's registered office of 33 Wigmore Street, London W1U 1QX