

VT Leaseco Limited

Directors' report and financial statements

Registered number 4168215

31 March 2003



VT Leaseco Limited
Directors' report and financial statements

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VT Leaseco Limited
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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

Principal activity

The company's principal activity is the leasing of vessels as lessor.

Business review

During the year the company has provided funds to a fellow group company to continue the construction of 3 catamarans. Upon finalisation the vessels will be leased to a contracted third party.

During the year the company acquired 7 pilot/patrol boats from Associated British Ports (ABP) which will be leased back to ABP together with a support/maintenance/replacement package with a fellow group company over a 10 year period.

Directors

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

CJ Cundy
SE Tarrant (appointed 18 October 2002)

The company's Articles of Association do not require the directors to retire by rotation.

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 (2002: £Nil).

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



PG Dawes
Secretary

8 July 2003

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Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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

Report of the independent auditors to the members of VT Leaseco Limited

We have audited the financial statements on pages 4 to 10.

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.

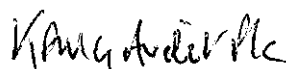
Basis of audit opinion

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 2003 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

8 July 2003

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Profit and loss account
for the year ended 31 March 2003

	Notes	2003 £000	26 February 2001 to 31 March 2002 £000
Turnover	2	68	-
Cost of sales		<u>(16)</u>	<u>-</u>
Gross profit		52	-
Administrative expenses		<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation	5	52	-
Tax on profit on ordinary activities	6	<u>(15)</u>	<u>-</u>
Retained profit for the financial period	12	<u>37</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 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.

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Balance sheet
at 31 March 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Tangible assets	7	<u>7,674</u>	<u>4,181</u>
Current assets			
Debtors	8	272	40
Creditors: amounts falling due within one year	9	<u>(7,702)</u>	<u>(4,221)</u>
Net current assets		<u>(7,430)</u>	<u>(4,181)</u>
Total assets less current liabilities		244	-
Provisions for liabilities and charges	10	<u>(207)</u>	<u>-</u>
Net assets		<u>37</u>	<u>-</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	<u>37</u>	<u>-</u>
Equity shareholder's funds	13	<u>37</u>	<u>-</u>

These financial statements were approved by the board of directors on *S. J. J.* 2003 and were signed on its behalf by:

CJ Cundy
CJ Cundy
Director

VT Leaseco Limited

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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.

Fixed assets and depreciation

Fixed assets are stated at cost. The cost of fixed assets includes the valuation of construction to date and interest charged on the funds received to finance the project during development. Interest on loans will be capitalised up to the date of completion of each vessel. Upon completion of each vessel, depreciation is provided to write off the cost less the estimated residual value of the tangible fixed asset in equal instalments over its useful economic life.

Vessels - 10 years

Taxation

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.

Turnover

Turnover represents income earned excluding VAT during the period from the leasing of vessels.

2 Turnover

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

3 Remuneration of directors

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

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Notes *(continued)*

4 Interest payable and similar charges

	2003 £000	26 February 2001 to 31 March 2002 £000
On bank borrowings	240	50
Less: finance costs capitalised	(240)	(50)
	<u>-</u>	<u>-</u>

All finance costs have been capitalised into tangible fixed assets.

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2003 £000	26 February 2001 to 31 March 2002 £000
Depreciation	13	-
Auditors remuneration	2	-
	<u>-</u>	<u>-</u>

6 Taxation

	2003 £000	26 February 2001 to 31 March 2002 £000
<i>Current tax</i>		
Group relief receivable	(192)	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	207	-
Tax on profit on ordinary activities	15	-

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Notes *(continued)*

6 **Taxation** *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the year is lower than (2002: *equal to*) the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

	2003 £000	26 February 2001 to 31 March 2002 £000
Profit on ordinary activities before tax	<u>52</u>	<u>-</u>
Profit on ordinary activities multiplied by standard rate in UK of 30% (2002: 30%)	15	-
<i>Effects of:</i>		
Accelerated capital allowances and other timing differences	(120)	-
Interest costs capitalised but taken as deduction	<u>(87)</u>	<u>-</u>
Current tax credit for the period	<u>(192)</u>	<u>-</u>

7 **Tangible assets**

	Assets in the course of construction £000	Vessels £000	Total £000
Cost			
At beginning of year	4,181	-	4,181
Additions	<u>2,869</u>	<u>637</u>	<u>3,506</u>
At end of year	<u>7,050</u>	<u>637</u>	<u>7,687</u>
Depreciation			
At beginning of year	-	-	-
Charge for year	<u>-</u>	<u>13</u>	<u>13</u>
At end of year	<u>-</u>	<u>13</u>	<u>13</u>
Net book value			
At 31 March 2003	<u>7,050</u>	<u>624</u>	<u>7,674</u>
At 31 March 2002	<u>4,181</u>	<u>-</u>	<u>4,181</u>

The gross book value of tangible fixed assets includes £290,000 (2002: £50,000) of capitalised interest.

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Notes *(continued)*

8 Debtors

	2003 £000	2002 £000
Group relief receivable	192	-
Other debtors	<u>80</u>	<u>40</u>
	<u>272</u>	<u>40</u>

9 Creditors: amounts falling due within one year

	2003 £000	2002 £000
Bank overdraft	7,021	4,211
Amounts owed to group undertakings	666	-
Other taxes	12	-
Accruals and deferred income	<u>3</u>	<u>10</u>
	<u>7,702</u>	<u>4,221</u>

10 Provisions for liabilities and charges

	Deferred taxation £000
Created during the year	<u>207</u>
At end of year	<u>207</u>

Deferred taxation liability is analysed as follows:

	2003 £000	2002 £000
Accelerated capital allowances	111	-
Other timing differences	<u>96</u>	<u>-</u>
	<u>207</u>	<u>-</u>

11 Called up share capital

	2003 £	2002 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

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Notes *(continued)*

12 Reserves

	Profit and loss account £000
At beginning of year	-
Retained profit for the financial year	<u>37</u>
At end of year	<u>37</u>

13 Reconciliation of movements in shareholder's funds

	2003 £000	2002 £000
Profit for the financial year	<u>37</u>	<u>-</u>
Net addition to shareholder's funds	37	-
Opening shareholder's funds	<u>-</u>	<u>-</u>
Closing shareholder's funds	<u>37</u>	<u>-</u>

14 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 is VT Group plc 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.