

BABCOCK CAREERS GUIDANCE LIMITED

FINANCIAL STATEMENTS

31 MARCH 2015

WEDNESDAY



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COMPANIES HOUSE

COMPANY INFORMATION

DIRECTORS

G D Leeming
K R Thomas
S West

SECRETARY

N J W Borrett

REGISTERED OFFICE

33 Wigmore Street
London
W1U 1QX

AUDITOR

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

BANKERS

The Royal Bank of Scotland PLC
London Corporate Service Centre
2nd Floor
280 Bishopsgate
London
EC2M 4RB

STRATEGIC REPORT

The directors submit their Strategic Report of Babcock Careers Guidance Limited for the year ended 31 March 2015

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the provision of careers services

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**Key performance indicators:**

	2015 £'000	2014 £'000
Turnover	7,289	14,368
Operating (loss)/profit	(422)	1,853

During the year the company provided careers advisory services to both young people and adults through the remaining Connexions contracts and Adult information and Guidance through the National Careers Service contracts (formerly Next Step) funded by the Skills Funding Agency

During the year end the directors assessed the profitability of career service contracts and decided not to rebid for contracts. The contracts ceased on 30 September 2014, apart from one contract which continued until 31 March 2015. The directors have reviewed the cash flow forecasts of the company for a period of at least 12 months from the date of approval of these financial statements and, given the amounts due from group undertakings (note 7), consider that the company will be able to meet its external liabilities as they fall due for the foreseeable future.

Turnover has decreased by 49% following the cessation of these career service contracts and from 31 March 2015 the provision of careers services has discontinued.

By order of the board



S West
Director

17 December 2015

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 March 2015

RESULTS AND DIVIDENDS

The loss for the year was £530,000 (2014 £2,060,000 profit) The company is precluded from proposing a dividend in the current and prior year

A review of the business is given in the Strategic Report

DIRECTORS

The following directors have held office since 1 April 2014 -

G D Leeming
K R Thomas
S West

EMPLOYMENT OF DISABLED PERSONS

Full and fair consideration is given to employment applications from disabled persons having regard to their particular aptitude and abilities. If an appropriate vacancy is available then, where practicable, arrangements will be made to continue the employment of an employee who becomes disabled. Disabled employees are given fair consideration for training, career development and promotion.

EMPLOYMENT POLICIES

The development of employee involvement in the Company's business is kept under regular review and the directors are committed to encouraging greater involvement of all employees. Formal and informal briefing of employees takes place as appropriate.

The Company takes all reasonable steps to ensure that all employment conditions are applied regardless of sex, race, colour, ethnic background, religion or disability.

AUDITOR

The auditor, RSM UK Audit LLP formerly Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



S West
Director

17 December 2015

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, 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 elected to prepare 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BABCOCK CAREERS GUIDANCE LIMITED

We have audited the financial statements on pages 6 to 15. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its loss 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.

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.

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 by the company, 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.

RSM UK Audit LLP

CHRISTOPHER HURREN BA FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

18 December 2015

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
TURNOVER	1	7,289	14,368
Cost of sales		(6,356)	(11,061)
GROSS PROFIT		933	3,307
Operating expenses		(1,355)	(1,454)
OPERATING (LOSS)/PROFIT		(422)	1,853
Net investment income	2	-	321
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(422)	2,174
Tax on (loss)/profit on ordinary activities	5	108	(114)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	(530)	2,060

The turnover and operating (loss)/profit for the year relates to the company's operations which were discontinued during the year

There are no recognised gains and losses other than those passing through the profit and loss account

BALANCE SHEET (Company Registration Number: 02961588)
31 March 2015

	Notes	2015 £'000	2014 £'000
FIXED ASSETS			
Investments	6	-	-
CURRENT ASSETS			
Debtors	7	8,555	8,434
Cash at bank and in hand		-	1,250
		8,555	9,684
CREDITORS			
Amounts falling due within one year	8	(3,236)	(3,693)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,319	5,991
PROVISIONS FOR LIABILITIES	9	(40)	(182)
NET ASSETS		5,279	5,809
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Share premium	11	7,499	7,499
Profit and loss account	11	(2,221)	(1,691)
SHAREHOLDER'S FUNDS	12	5,279	5,809

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on ~~17 December~~ 2015 and are signed on its behalf by



S West
Director

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare consolidated financial statements as it and its subsidiary undertakings are included in by full consolidation in the consolidated financial statements of its ultimate parent, Babcock International Group plc, a company incorporated and registered in England and Wales

GOING CONCERN

During the year end the directors assessed the profitability of career service contracts and decided not to rebid for contracts. The contracts ceased on 30 September 2014, apart from one contract which continued until 31 March 2015. The directors have reviewed the cash flow forecasts of the company for a period of at least 12 months from the date of approval of these financial statements and, given the amounts due from group undertakings (note 7), consider that the company will be able to meet its external liabilities as they fall due for the foreseeable future. On this basis the directors feel it is appropriate to prepare the financial statements on a going concern basis.

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at historical cost less provision for any impairment in value.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from these in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

CASH FLOW STATEMENT

The company is exempt from the requirement to prepare a cash flow statement, as more than 90% of the voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available.

LEASED ASSETS AND OBLIGATIONS

All leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

PENSIONS

The company operates defined contribution pension schemes, for certain employees, where the amounts charged to the profit and loss account in respect of pension costs are the contributions payable for the year. Differences between contributions payable within the year and contributions actually paid are shown as either prepayments or accruals in the balance sheet.

TURNOVER

Turnover is recognised at the fair value of the consideration receivable for sale of services in the ordinary nature of the business. Turnover, shown net of Value Added Tax, represents the value of services provided in the year to external customers and, in the case of long term contracts, credit is taken appropriate to the stage of completion when the outcome of the contract can be assessed with reasonable certainty.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

1 TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and (loss)/profit before taxation was derived from its principal activity, wholly undertaken in the United Kingdom

2 NET INVESTMENT INCOME

	2015	2014
	£'000	£'000
Investment income		
Dividend income	-	322
Interest payable		
On bank loans and overdraft	-	(1)
Net interest receivable	<u>-</u>	<u>321</u>

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/profit on ordinary activities before taxation is stated after charging

Operating lease rentals		
Plant and machinery	9	18
Land and buildings	42	92
Auditor's remuneration		
Payable to RSM UK Audit LLP	22	22
Payable to RSM Tax and Accounting Limited		
- other services	7	5

4 EMPLOYEES

The average monthly number of persons (including directors) employed by the Company during the year was

Management	4	8
Administration	7	11
Careers advisers	118	237
	<u>129</u>	<u>256</u>

	£'000	£'000
Staff costs for the above persons		
Wages and salaries	2,850	5,990
Social security costs	302	579
Other pension costs (note 15)	174	404
	<u>3,326</u>	<u>6,973</u>

No director received any remuneration from the company during the current or prior year

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

5	TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2015 £'000	2014 £'000
	Current tax		
	UK corporation tax	-	-
	Total current tax	-	-
	Deferred tax		
	Origination and reversal of timing differences	108	21
	Effects of changes in tax rates and laws	-	19
	Adjustments in respect of prior periods	-	74
	Total deferred tax	108	114
	Total tax on (loss)/profit on ordinary activities	108	114
	Factors affecting tax charge for the year		
	The tax assessed for the year varies from the standard rate of corporation tax 21% (2014 23%) as explained below		
	(Loss)/profit on ordinary activities before tax	(422)	2,174
	(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax 21% (2014 23%)	(89)	500
	Effects of		
	Expenses not deductible for tax purposes	-	173
	Capital allowances in excess of depreciation	(19)	(26)
	Other timing differences	(3)	2
	Tax losses carried forward/(utilized)	111	(575)
	Non-taxable income	-	(74)
	Current tax charge for the year	-	-

The company has estimated tax losses of £2,481,255 (2014 £1,950,970) available to carry forward against future trading profits. No provision for deferred tax has been recognised in respect of the tax losses carried forward due to the uncertainty of their recovery in future periods. The total amount unprovided for is £496,251 (2014 £390,194).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

6 FIXED ASSETS INVESTMENTS

Investments in subsidiary undertakings	Investments in subsidiary undertakings £'000
Cost	
1 April 2014 and 31 March 2015	2,764
Provisions for impairment	
1 April 2014 and 31 March 2015	2,764
Net book value	
31 March 2014 and 31 March 2015	-

The Company has an interest in the ordinary share capital of the following companies all of whom are incorporated in England and Wales and whose principal activity was the provision of careers services. All subsidiaries now effectively have no trade activities and are being wound down.

	Proportion directly held	Class of holding
Babcock Careers Guidance (North) Limited	100%	Ordinary
Babcock Careers Guidance (South) Limited	100%	Ordinary
Guidance Services Limited*	100%	Ordinary
Capital Careers Limited	88.25%	Ordinary
* owned by Babcock Careers Guidance (North) Limited		

7 DEBTORS	2015	2014
	£'000	£'000
Due within one year		
Trade debtors	2	164
Amounts owed by group undertakings	8,190	6,920
Amounts owed by related parties	-	29
Other debtors	6	53
Prepayments and accrued income	357	1,160
	8,555	8,326
Due in more than one year		
Deferred tax asset	-	108
	8,555	8,434

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

7 DEBTORS (Continued)

A deferred tax asset is made up as follows

	2015 £'000	2014 £'000
Accelerated capital allowances	-	102
Short term timing differences	-	6
	<u>-</u>	<u>108</u>
	<u>=====</u>	<u>=====</u>
At 1 April 2014	108	222
Deferred tax charge	(108)	(114)
	<u>-</u>	<u>108</u>
	<u>=====</u>	<u>=====</u>
At 31 March 2015	-	108
	<u>=====</u>	<u>=====</u>

8 CREDITORS

	2015 £'000	2014 £'000
Amounts falling due within one year		
Bank overdraft	787	-
Trade creditors	227	260
Amounts owed to group undertakings	166	179
Amounts owed to related parties	995	1,002
Other taxation and social security costs	21	218
Other creditors	1	19
Accruals and deferred income	1,039	2,015
	<u>3,236</u>	<u>3,693</u>
	<u>=====</u>	<u>=====</u>

9 PROVISIONS FOR LIABILITIES

Provision for liabilities and charges is made up as follows

	2015			2014		
	Dilapidations £'000	Other £'000	TOTAL £'000	Dilapidations £'000	Other £'000	TOTAL £'000
Cost						
At 1 April 2014	157	25	182	890	112	1,002
Transfer from profit and loss	-	-	-	46	-	46
Paid in the year	(105)	(25)	(130)	(489)	(12)	(501)
Released	(12)	-	(12)	(290)	(75)	(365)
	<u>40</u>	<u>-</u>	<u>40</u>	<u>157</u>	<u>25</u>	<u>182</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 31 March 2015	40	-	40	157	25	182
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

9 PROVISIONS FOR LIABILITIES (Continued)

Dilapidations

Provision is made for commitments under operating leases where the liability can be reasonably estimated and quantified by third party values. Such costs are generally incurred within a three year period.

Other

Provisions are made to cover costs to be incurred in respect of committed programmes for reorganisation and redundancy and to cover costs of loss making contracts.

10 SHARE CAPITAL	2015	2014
	£	£
Allotted, issued and fully paid		
550 "A" ordinary shares of £1 each	550	550
550 "B" ordinary shares of £1 each	550	550
	<u>1,100</u>	<u>1,100</u>
	=====	=====

The "A" and "B" ordinary shares rank pari passu in all respects.

11 STATEMENT OF MOVEMENT ON RESERVES

	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 April 2014	7,499	(1,691)	5,808
Loss for year	-	(530)	(530)
At 31 March 2015	<u>7,499</u>	<u>(2,221)</u>	<u>5,278</u>
	=====	=====	=====

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S SURPLUS	2015 £'000	2014 £'000
(Loss)/profit for the year	(530)	2,060
Net (reduction)/addition to shareholder's funds	<u>(530)</u>	<u>2,060</u>
Opening shareholder's funds	5,809	3,749
Closing shareholder's funds	<u>5,279</u>	<u>5,809</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

13 COMMITMENTS UNDER OPERATING LEASES

	2015 £'000	2014 £'000
At 31 March the Company had annual commitments under non-cancellable operating leases as follows		
Land and buildings expiring within 1 year	-	56
Other		
expiring within 1 year	-	1
expiring between 2 and 5 years	-	4
	-	5

14 CONTINGENT LIABILITIES

At the year end the company had guaranteed or had joint and several liabilities for drawn Babcock International Group PLC bank facilities of £Nil (2014 £620.8 million) provided to certain group companies. In addition, the Company at the year end had joint and several liabilities for the drawn bank overdraft facilities of other group companies of £15 million (2014 £nil).

The company is a member of a wider Babcock VAT group, and as a result is jointly and severally liable with the other members for the VAT liability of the group. At 31 March 2015 the accrued VAT liability of the group was £1,707,950 (2014 £1,403,712).

15 PENSION COMMITMENTS

The company operates various defined contribution SIPS money purchase pension schemes. The contributions for the year were £129,000 (2014 £269,000). At the year end pension contributions of £Nil (2014 £204) were payable and included in other creditors.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions provided by FRS 8 not to disclose transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is a wholly owned member of the group

During the year the company has entered into transactions in the ordinary course of business with related parties, related by virtue of common ultimate ownership, as follows (£'000)

	Sales to	Purchases from	Amounts owed from	Amounts due to
Babcock 4S Limited				
2015	-	8	-	-
2014	27	4	-	7
Careers Yorkshire & The Humber Limited				
2015	616	-	-	-
2014	1,076	5	29	-
Capital Careers Limited				
2015	-	-	-	995
2014	-	-	-	995
Babcock Learning & Development				
2015	1	-	-	-
2014	-	-	-	-
	=====	=====	=====	=====

17 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Babcock Training Limited, a company registered in England and Wales

The ultimate parent company and controlling party is Babcock International Group plc. Babcock International Group plc is the smallest and largest group for which consolidated accounts including Babcock Careers Guidance Limited are prepared. The consolidated accounts for Babcock International Group plc may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ