

**GPT Special Project Management
Limited**

**Directors' report and financial
statements**

Registered number 2984211

Year ended 31 December 2013

TUESDAY



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Contents

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements	4
Independent auditor's report to the members of GPT Special Project Management Limited	5
Profit and loss account	7
Balance sheet	8
Reconciliation of movement in shareholders' funds	9
Notes to the financial statements	10-16

Strategic report

Principal activity and review of the business

The Company's principal activity continues to be the prime contractor offering design and build capital replacement projects of communications systems plus associated managed services – operations maintenance and customer training. There have not been any significant changes in the Company's principal activities in the year under review. The directors are of the opinion that the Company is a going concern. See note 1 to the financial statements.

The Company's branch activities in the Kingdom of Saudi Arabia are regulated by its commercial licence to operate and, as such, has served a single customer since its formation due to its status as prime contractor to its single customer. Therefore, the Company has no intention to seek new contracts with other customers.

The Company's customer, the Ministry of Defence, has the ability to levy financial penalties and/or require remedial action in the event that performance standards are not achieved. The Company monitors actual performance against anticipated performance on a monthly basis.

2013 was a challenging year for GPT, with delays in getting work packages onto contract.

Despite the challenges, GPT did eventually conclude negotiations on the Operations, Maintenance and Training (OM&T) renewal.

The Company's key financial and other performance indicators during the year were as follows:

	2013	2012	Change
	SAR 000	SAR 000	%
Turnover	672,862	682,151	-1%
Operating (loss)/profit	(43,025)	19,400	-322%
Shareholders' funds	60,410	92,633	-35%
Order intake	748,381	731,854	+2%
Net funds	212,130	260,001	-18%

Company's turnover was broadly flat when compared to 2012.

The Company reported a large operating loss compared to 2012 resulting from additional costs associated with securing new work under the P3 contract which were not brought on to contract in the year.

As a result of the reported operating loss, overall shareholders' funds decreased in the year by SAR 32m.

Order Intake increased by 2 % during the year primarily driven by the renewal of the OM&T contract.

Strategic report (continued)

Future developments

The margin performance of the Company is well established and the contracts are designed with fairly predictable margin levels in mind. The Company expects to continue to meet its growth expectations and obligations under its customer contracts and attain its financial targets over time accordingly.

The focus this year has very much been on managing the development of momentum in the P3 programme and ensuring renewal of the OM&T contract.

Principal risks and uncertainties

The Company remains the sole provider of communication systems and services to its customer.

The Company retains its exclusive arrangement with its customer by providing efficient and cost effective services in addition to maintaining a strong relationship with the UK Ministry of Defence both in the Kingdom of Saudi Arabia and the UK.

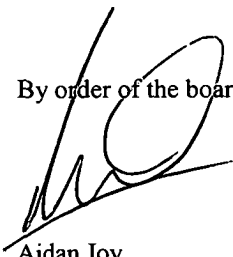
The Company has no loan arrangements and a sufficient working capital for its needs, therefore the Company has no interest rate exposure.

The Company has immaterial exposure to Foreign Exchange risk as its cash inflows and outflows are primarily in Saudi Arabia Riyals.

The Company is not exposed to any other form of financial risk.

Allegations have previously been made regarding a group of subcontractors. These matters are the subject of investigation by the UK authorities and were previously the subject of a claim for damages by the subcontractor group. More details are set out in note 14 to the financial statements.

By order of the board



Aidan Joy

Managing Director

Date: 29 SEPTEMBER 2014

21 Holborn Viaduct,
London,
EC1A 2FG

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2013.

The Company is a wholly owned subsidiary of Paradigm Services Limited and operates exclusively in the Kingdom of Saudi Arabia through its branch office.

Results and dividends

The loss for the year after taxation amounted to KSAR 32,223 (2012 – profit KSAR 12,417).

No interim dividend was paid (31 December 2012: Nil). The Directors do not recommend the payment of a final dividend (31 December 2012: Nil).

Directors and directors' interests

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

Laurence Bryant

Jeff Cook (resigned 27 March 2013)

Aidan Joy (appointed 23 September 2013)

Keith Allen (appointed 28 March 2013 and resigned 23 September 2013)

Caroline Masters (resigned 14 July 2014)

Hans-Heinrich Jordan (appointed 28 March 2013)

Simon Kershaw (resigned 20 February 2014)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

Payment Policy to Trade Creditors

For all trade creditors, it is the Company's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

Political and charitable contributions

The Company made no political contributions during the year. No donations were made to UK charities (31 December 2012: Nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Aidan Joy

Managing Director

Date: 29 SEPTEMBER 2014

21 Holborn Viaduct,
London,
EC1A 2FG

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

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

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 judgments 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 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 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.

Independent auditor's report to the members of GPT Special Project Management Limited

We have audited the financial statements of GPT Special Project Management Limited for the year ended 31 December 2013 set out on pages 7 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 explained more fully 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 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 web-site 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 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006

Emphasis of matter – uncertain outcome of investigation

In forming our opinion on the financial statements, which is not modified, we have considered the disclosure made in note 14; which explains that it is not practicable for the directors to state the impact on the financial statements, if any, of the investigation by the UK authorities referred to. As the ultimate outcome of this matter cannot presently be determined, no provision for any liability which might result has been made in the financial statements.

Independent auditor's report to the members of GPT Special Project Management Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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;
- we have not received all the information and explanations we require for our audit.



Amanda Moses (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants and Registered Auditor
Arlington Business Park
Theale
Reading
RG7 4SD

Date: **30 September 2014**

Profit and loss account
for the year ended 31 December 2013

		Year ended 31 December 2013	Year ended 31 December 2012
	Note	SAR 000	SAR 000
Turnover	2	672,862	682,151
Cost of sales		(678,362)	(622,407)
Gross (loss)/profit		(5,500)	59,744
Administrative expenses		(37,525)	(40,344)
Operating (loss)/profit		(43,025)	19,400
Other interest receivable and similar income	6	6	73
(Loss)/profit on ordinary activities before taxation	2,3	(43,019)	19,473
Tax on profit on ordinary activities	7	10,796	(7,056)
(Loss)/profit for the financial year		(32,223)	12,417

The results above are all derived from continuing operations.

There are no recognised gains and losses for the year other than those recorded in the profit and loss account.

The notes on pages 10 to 16 form part of these financial statements.

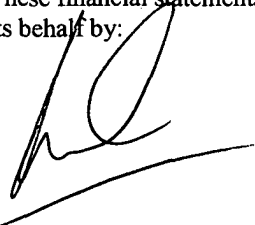
Balance sheet
 at 31 December 2013

	Note	31 December 2013 SAR 000	31 December 2013 SAR 000	31 December 2012 SAR 000	31 December 2012 SAR 000
Fixed assets					
Tangible assets	8		6,976		13,894
Current assets					
Debtors	9	118,205		137,600	
Cash at bank and in hand		212,130		260,001	
		<u>330,335</u>		<u>397,601</u>	
Creditors: amounts falling due within one year	10	<u>(260,389)</u>		<u>(303,070)</u>	
Net current assets			69,946		94,531
Total assets less current liabilities			76,922		108,425
Provisions for liabilities and charges	11		(16,512)		(15,792)
Net assets			<u>60,410</u>		<u>92,633</u>
Capital and reserves					
Called up share capital*	12		-		-
Profit and loss account	13		60,410		92,633
Shareholders' funds			<u>60,410</u>		<u>92,633</u>

*The called up share capital of the Company is SAR 14.

The notes on pages 10 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 29 SEPTEMBER 2014 and were signed on its behalf by:


 Aidan Joy
 Managing Director
 Registered number - 2984211

Reconciliation of movements in shareholders' funds
for the Year ended 31 December 2013

	Year ended 31 December 2013	Year ended 31 December 2012
	SAR 000	SAR 000
(Loss)/profit for the financial year	(32,223)	12,417
Net (decrease)/increase in shareholders' funds	<u>(32,223)</u>	<u>12,417</u>
Opening shareholders' funds	92,633	80,216
Closing shareholders' funds	<u><u>60,410</u></u>	<u><u>92,633</u></u>

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 and under the historical cost accounting rules.

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 (Revised) not to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published financial statements.

Going Concern

The directors have adopted a going concern basis for preparing the financial statements. In so doing, they have considered the business activities as well as the Company's principal risks and uncertainties. The directors are satisfied that the Company will be able to operate within the level of its resources for the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing its financial statements.

Note 14 discloses that certain allegations have been made in connection with the Company's dealings with a subcontractor group. The directors do not believe that these matters will affect the Company's ability to continue as a going concern for the foreseeable future.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost less accumulated depreciation. Provision is made for impairment. Depreciation is provided over the estimated useful economic life of each of the assets using the straight line method at the following annual rates:

Motor vehicles	- over 2 to 4 years
IT equipment	- over 3 years
Fixtures and fittings	- over 4 years.

Taxation

The charge for taxation is based upon the profit/loss 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 items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

GPT is tax exempt from Saudi Arabian Government taxes on profits arising from its customer contracts.

Revenue and Profit Recognition

Revenue represents sales made by the Company under its customer contracts.

The Company's long-term contract arrangements are accounted for under SSAP9, Stocks and Long-term Contracts. Capital replacement project contract revenue is recognised when the Company has obtained the right to consideration in exchange for its performance. This is usually when a separately identifiable project milestone has been completed and accepted by the customer.

Attributable profit is recognised on such contracts as appropriate to their stage of completion. Profit is calculated by reference to estimates of contract revenue and forecast costs after making suitable allowances for risks related to performance milestones yet to be achieved. Service contract revenue is measured at the fair value of the consideration received or receivable.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Notes (continued)

1 Accounting policies (continued)

Post-retirement benefits

The Company is a participating member of the Airbus Group UK Pension Scheme which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it was a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for Warranties

The Company has an obligation under its customer contracts to provide defects warranties to the UK Ministry of Defence in respect of project works carried out in relation to systems and civils (construction) based work included within the scope of the respective project.

GPT Management has carried out an assessment of potential exposure under such projects in relation to the warranty provisions within the contracts and have made a specific provision during the year of SAR 720k (2012: SAR 5,611k).

2 Analysis of turnover and profit on ordinary activities before taxation

All turnover and profit on ordinary activities before taxation originates in the Kingdom of Saudi Arabia and is derived from the Company's principal activity.

3 Notes to the profit and loss account

	Year ended 31 December 2013	Year ended 31 December 2012
	SAR 000	SAR 000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
<i>Auditors' remuneration</i>		
Audit of these financial statements	634	612
Depreciation	8,732	8,144
Profit on sale of tangible fixed assets	(82)	(1,158)

4 Remuneration of directors

	Year ended 31 December 2013	Year ended 31 December 2012
	SAR 000	SAR 000
Directors' emoluments	1,879	2,533
Pension contributions	-	-
	1,879	2,533

The emoluments of the highest paid director was KSAR 946.8 (2012: KSAR 1,664.0).

The highest paid director is not a member of the Airbus Group UK defined benefit pension scheme and, as such, no pension costs have been incurred. Benefits are accruing for two directors at the Balance Sheet date.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors, but excluding contractors) during the year was as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
Overseas	443	419
UK	10	10
	<u>453</u>	<u>429</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	SAR 000	SAR 000
Wages and salaries	104,038	88,680
Social security costs	3,577	3,195
Other pension costs	973	866
	<u>108,588</u>	<u>92,741</u>

The Company is a member of the Airbus Group UK Pension Scheme providing benefits based on final pensionable pay. The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by the multi employer exemptions in FRS 17 'Retirement Benefits' the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

Astrium Defence and Space Limited (Formerly, Astrium Limited) account for the scheme in accordance with FRS 17. This information, updated by Towers Watson Limited to take account of FRS 17 in order to assess the liabilities of the scheme at 31 December 2013 showed a net pension liability of £28.3 million (2012: £42.6 million).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes (continued)

6 Other interest receivable and similar income

	Year ended 31 December 2013	Year ended 31 December 2012
	SAR 000	SAR 000
Bank interest receivable	6	73

7 Taxation

	Year ended 31 December 2013	Year ended 31 December 2012
	SAR 000	SAR 000
<i>UK corporation tax</i>		
Current tax for the year (surrendered for Group Relief)	(7,111)	8,864
(Over) provision in prior year	(3,449)	(1,012)
Total current tax (credit) / charge	(10,560)	7,852
<i>Deferred tax</i>		
Current year (credit)	(875)	(1,124)
Effects of changes in tax rates	639	328
Total Deferred Tax (note 9)	(236)	(796)
Tax on (loss/profit on ordinary activities)	(10,796)	7,056

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

The deferred tax asset at 31 December 2013 has been calculated based on the rate of 20.0% substantively enacted at the balance sheet date.

Notes (continued)

7 Taxation (continued)

FRS19 Reconciliation of current tax charge.

The current tax charge for the period is higher than the standard rate of corporation tax in the UK of 23.25%, (2012: 24.5%). The differences are explained below:

	Year ended 31 December 2013	Year ended 31 December 2012
	SAR 000	SAR 000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(43,019)	19,473
Current tax at 23.25%	(10,002)	4,770
<i>Effects of:</i>		
Expenses not allowable for tax purposes	6	1,345
Depreciation in excess of capital allowances	1,987	1,711
Other short term timing differences	898	1,038
Over provision in prior year	(3,449)	(1,012)
Total current tax (credit)/charge (see above)	(10,560)	7,852

8 Tangible fixed assets

	<u>Motor Vehicles</u>	<u>IT Equipment</u>	<u>Fixtures & fittings</u>	<u>Total SAR 000</u>
Cost:				
At beginning of year	28,191	7,087	1,310	36,588
Additions	1,388	432	--	1,820
Disposals	(778)	--	--	(778)
At end of the year	28,801	7,519	1,310	37,630
Depreciation:				
At beginning of year	17,090	4,800	804	22,694
Charge for year	6,703	1,702	327	8,732
Eliminated on disposal	(772)	--	--	(772)
At end of year	23,021	6,502	1,131	30,654
Net book value				
At 31 December 2013	5,780	1,017	179	6,976
At 31 December 2012	11,101	2,287	506	13,894

Notes (continued)

9 Debtors

	31 December 2013 SAR 000	31 December 2012 SAR 000
Trade Debtors	25,130	-
Amounts owed from group undertakings (Group relief tax balance)	7,111	-
Prepayments and Accrued Income	80,830	132,702
Deferred tax	5,134	4,898
	<u>118,205</u>	<u>137,600</u>
		Deferred taxation SAR000
At beginning of year		4,898
Credit to the profit and loss for the year		236
At end of year		<u>5,134</u>
The elements of deferred taxation are as follows:	2013 SAR 000	2012 SAR 000
Difference between accumulated depreciation and amortisation and capital allowances	5,134	4,701
Other short term timing differences	-	197
Deferred tax asset	<u>5,134</u>	<u>4,898</u>

10 Creditors: amounts falling due within one year

	31December 2013 SAR 000	31 December 2012 SAR 000
Trade creditors	27,033	54,860
Amounts owed to group undertakings	8,115	44,518
Taxation and social security	448	346
Accruals and Deferred income	224,793	203,346
	<u>260,389</u>	<u>303,070</u>

11 Provisions for liabilities and charges

	Total SAR 000
At beginning of year	15,792
Additional provision created	720
At end of year	<u>16,512</u>

At the balance sheet date, the company had total specific provisions of KSAR 16,512 which pertain to the following:

- KSAR 7,635 in relation to an ongoing legal dispute which is unconnected with the subcontractor group to which note 14 refers; and
- KSAR 8,877 in relation to potential exposure under project warranty period obligations

Notes (continued)

12 Called up share capital

	31 December 2013 SAR	31 December 2012 SAR
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	7,000	7,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	14	14
	<hr/>	<hr/>

13 Reserves

	Profit and loss account SAR 000
At beginning of year	92,633
Loss for the year	(32,223)
	<hr/>
At end of year	60,410
	<hr/>

14 Contingent Liabilities

Certain allegations have been made in connection with the company's dealings with a subcontractor group. These allegations have been notified to the UK authorities and in August 2012 the UK Serious Fraud Office announced that it had decided to open an investigation into these allegations. The Directors are not in a position to assess the outcome of the investigation, nor are they in a position to assess the financial implications, if any, and it is not practicable for the Directors to state the impact, if any, of this matter on the financial statements.

The contracts with the subcontractor group were terminated. This termination led to a claim from the subcontractor group for damages, as referred to in the previous years' financial statements. The subcontractor's claims in respect of repudiatory breach and misrepresentation have been determined during the year with no liability to GPT. The Directors believe that any remaining liabilities to the subcontractor group are adequately provided for in the financial statements and no contingent liability remains.

15 Related party disclosures

As the Company is a wholly owned subsidiary of Airbus Group N.V. (formerly, EADS N.V.), it has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

16 Commitments

Capital commitment in relation to vehicle purchases was KSAR 560.3 as at 31 December 2013 (2012: Nil).

17 Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member

The Company's immediate parent undertaking is Paradigm Services Limited. The smallest and largest group in which the results of the company are consolidated is Airbus Group N.V. (formerly, EADS N.V.), its ultimate parent undertaking. The financial statements of Airbus Group N.V. (formerly, EADS N.V.) can be obtained from The Secretary, Airbus Group N.V., Mendelweg 30, 2333 CS Leiden, The Netherlands.