

VT Southern Careers Limited

**Directors' report and financial
statements**

Registered number 3007083

31 March 2008

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VT Southern Careers Limited
Directors' report and financial statements

Contents

The directors' report and the business review	1
Statement of directors' responsibilities in respect of the directors' report and financial statements	3
Independent auditors' report to the members of VT Southern Careers Limited	4
Profit and loss account	6
Balance sheet	7
Notes	8

VT Southern Careers Limited

Directors' report and financial statements

The directors' report and the business review

The directors present their annual report and the audited financial statements for the year ended 31 March 2008.

Principal activity

The principal activity of the company is the provision of careers advice and related services.

Business review

Key performance indicators:

	2008	2007
	£000	£000
Turnover	1,910	1,875
Operating profit	252	80

Turnover increased by 2% during the year due to the successful completion of contracts during the year and continuing good delivery on ongoing contracts. The operating profit increased by £172,000 due to improved cost control.

During the year the company continued to provide careers advisory services to adults in the Hampshire and Isle of Wight region through the Adult, Information and Guidance service funded by the LSC. The key deliverable of information and advice sessions provided continues to improve.

The company's business is susceptible to changes in government policy, budget allocations and the changing political environment. The directors manage this risk by maintaining regular discussions with the government funding bodies.

Directors

The directors of the company during the year were as follows:

SB Withey
CJ Cundy (appointed 1 July 2007 & resigned 13 December 2007)
PJ Harrison (appointed 13 December 2007)

Dividends

No dividends were paid during the year (2007: £300,000).

Charitable and political donations

During the year the company contributed £nil (2007: £1,000) to charitable organisations. There were no political donations during the year (2007: £nil).

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.

VT Southern Careers Limited
Directors' report and financial statements

The directors' report and the business review *(continued)*

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.

Disclosure of information to auditors

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

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



MP Jowett
Secretary

18 January 2009

VT Southern Careers Limited
Directors' report and financial statements

Statement of directors' responsibilities in respect of the directors' report and financial statements

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

The financial statements are required by law to 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 these 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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

Independent auditors' report to the members of VT Southern Careers Limited

We have audited the financial statements of VT Southern Careers Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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



KPMG Audit Plc

Independent auditors' report to the members of VT Southern Careers Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

28 January 2009
8 Salisbury Square
London
EC4Y 8BB

VT Southern Careers Limited
Directors' report and financial statements

Profit and loss account

for the year ended 31 March 2008

	<i>Notes</i>	2008 £000	2007 £000
Turnover	2	1,910	1,875
Cost of sales		<u>(1,425)</u>	<u>(1,491)</u>
Gross profit		485	384
Administrative expenses		<u>(233)</u>	<u>(304)</u>
Operating profit/(loss)		252	80
Other interest receivable and similar income	5	<u>103</u>	<u>71</u>
Profit on ordinary activities before taxation	6	355	151
Tax on profit on ordinary activities	7	<u>(95)</u>	<u>(34)</u>
Profit for the financial year	13	<u>260</u>	<u>117</u>

All current year amounts relate to continuing activities.

There are no recognised gains or losses other than the profit (2007: *profit*) for the year reported above. There is also no difference between the profit (2007: *profit*) on ordinary activities before taxation and the profit (2007: *profit*) for the financial year stated above, and their historical cost equivalents.

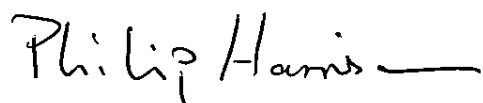
VT Southern Careers Limited
Directors' report and financial statements

Balance sheet

at 31 March 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible fixed assets	9	-	-
Current assets			
Debtors	10	352	562
Cash at bank and in hand		<u>1,998</u>	<u>1,839</u>
		2,350	2,401
Creditors: amounts falling due within one year	11	<u>(715)</u>	<u>(1,028)</u>
Net current assets		<u>1,635</u>	<u>1,373</u>
Net assets		<u>1,635</u>	<u>1,373</u>
Capital and reserves			
Called up share capital	12	20	20
Capital reserve	13	4	2
Profit and loss account	13	<u>1,611</u>	<u>1,351</u>
Shareholder's funds	14	<u>1,635</u>	<u>1,373</u>

These financial statements were approved by the board of directors on 28 January 2009 and were signed on its behalf by:



PJ Harrison
Director

VT Southern Careers Limited

Directors' report and financial statements

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 accounting rules.

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.

Turnover

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 also 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.

Fixed assets and depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over the expected useful life as follows:

Office equipment	-	3-4 years
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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 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 FRS19.

Leases

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

VT Southern Careers Limited

Directors' report and financial statements

Notes (continued)

1 Accounting policies (continued)

Pension costs

The company participates in a group wide pension scheme providing 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 were 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.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profit represents the contributions payable to the scheme in respect of the accounting period.

Share based payments

The group share option programme allows employees to acquire shares of the parent company. The fair value of options granted after 7 November 2002 is recognised as an employee expense with a corresponding increase in equity, in the form of a parent company capital contribution. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Turnover

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

3 Staff numbers and costs

The average number of persons employed by the company during the year was as follows:

	Number of employees	
	2008	2007
Administration staff	6	6
Careers advisory staff	20	22
	26	28

VT Southern Careers Limited
Directors' report and financial statements

Notes *(continued)*

3 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2008 £000	2007 £000
Wages and salaries	513	544
Share Based Payments	2	-
Social security costs	51	49
Other pension costs (see note 16)	28	38
	594	631

4 Remuneration of directors

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.

5 Other interest receivable and similar income

	2008 £000	2007 £000
Bank interest receivable	103	71

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2008 £000	2007 £000
Depreciation	-	22
Sub lease income received	(11)	(20)
Operating lease rentals – plant & machinery	6	7
Operating lease rentals – other	96	54
Share-Based Payments	2	-

Auditors remuneration:

Audit of these financial statements	5	9
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Fees payable to the company's auditors for services other than the statutory audit of the company are disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent.

VT Southern Careers Limited
Directors' report and financial statements

Notes (continued)

7 Taxation

	2008 £000	2007 £000
<i>UK corporation tax</i>		
Current tax on profit of the year	95	36
Adjustments in respect of prior years	<u>-</u>	<u>(2)</u>
Tax on profit on ordinary activities	<u>95</u>	<u>34</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than (2007: lower) the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are explained below:

	2008 £000	2007 £000
Profit on ordinary activities before tax	<u>355</u>	<u>151</u>
Profit on ordinary activities multiplied by standard rate in UK of 30% (2007: 30%)	107	45
<i>Effects of:</i>		
Difference between capital allowances and depreciation, and capital expenditure within revenue	(12)	(9)
Adjustment to tax charge in respect of prior years	<u>-</u>	<u>(2)</u>
Current tax charge for the year	<u>95</u>	<u>34</u>

Events after the balance sheet date requires the disclosure of changes in tax rates either enacted or announced after the balance sheet date that significantly affect current and deferred tax assets and liabilities. The announcement of a change in tax rate from 30% to 28%, effective from 5 April 2008, will impact the deferred tax balances set out in these accounts. This change has been reflected in the deferred tax calculations as per FRS 19.

8 Dividends

	2008 £000	2007 £000
Dividend paid	<u>-</u>	<u>300</u>

VT Southern Careers Limited
Directors' report and financial statements

Notes *(continued)*

9 Tangible fixed assets

	Office equipment £000
Cost	
At beginning and end of year	<u>317</u>
Accumulated depreciation	
At beginning and end of year	<u>317</u>
Net book value	
At 31 March 2008	<u>-</u>
At 31 March 2007	<u>-</u>

10 Debtors

	2008 £000	2007 £000
Trade debtors	150	323
Amounts owed by group undertakings	127	74
Other debtors	1	9
Prepayments and accrued income	74	156
	<u>352</u>	<u>562</u>

11 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	41	121
Amounts owed to group undertakings	55	122
Corporation tax	131	36
Other taxes and social security costs	12	24
Other creditors	43	126
Accruals and deferred income	433	599
	<u>715</u>	<u>1,028</u>

VT Southern Careers Limited
Directors' report and financial statements

Notes (continued)

12 Called up share capital

	2008 £000	2007 £000
Authorised		
15,020 'A' ordinary shares of £1 each	15	15
3,980 'B' ordinary shares of £1 each	4	4
1,000 'C' ordinary shares of £1 each	1	1
	<u>20</u>	<u>20</u>
Allotted, called up and fully paid		
15,020 'A' ordinary shares of £1 each	15	15
3,980 'B' ordinary shares of £1 each	4	4
1,000 'C' ordinary shares of £1 each	1	1
	<u>20</u>	<u>20</u>

All dividends which shall be declared and distributed shall, for such period as shares in the capital of the company are split between A shares, B shares and C shares be declared and distributed so that:-

- the holders of the A shares shall be entitled to receive, in aggregate, 47.5% of the dividends;
- the holders of the B shares shall be entitled to receive, in aggregate 47.5% of the dividends;
- and
- the holders of the C shares shall be entitled to receive, in aggregate, 5% of the dividends.

The dividends payable to the holders of the A shares, B shares and C shares respectively shall be paid pro-rata according to the percentage their holding of shares of the respective class bears to the aggregate number of shares of that class in issue.

13 Reserves

	Capital reserve £000	Profit and loss account £000
At beginning of year	2	1,351
Profit for the year	-	260
Capital contribution relating to share based payments	<u>2</u>	<u>-</u>
At end of year	<u>4</u>	<u>1,611</u>

VT Southern Careers Limited
Directors' report and financial statements

Notes *(continued)*

13 Reserves *(continued)*

Share based payments

Employees of the company participate in the following share plans operated by the parent company.

Share option plans

The group operates two share option plans under which directors and other executives are eligible to participate at the discretion of the remuneration committee. Options are granted at market value, determined immediately before the grant.

Share options vest in equal tranches on the 3rd, 4th and 5th anniversaries of the date of the grant subject to achievement of a performance condition. The performance condition currently applying is real growth in earnings per share of at least 2% per annum over three consecutive years. These share options have a maximum life of 10 years.

Share incentive plan (SIP)

The group operates a share incentive plan open to all employees. Under this plan employees are granted share options subject to the group meeting certain financial profit targets. Options are granted at the market value on date of the award and vest unconditionally if the employee remains in service for a period of 3 years from the date of the award. The contractual life of the options is five years and there are no cash settlement alternatives.

Employee Share Option Savings Plans (ESOP)

The Group operates Share Option Savings Plans for all eligible employees, whereby employees can save towards the exercise price payable for an award of share options. The exercise price of these options is set at 90% of the market value of the share price at the date of grant. Under awards granted by the group, the savings period is either 3 or 5 years. At the end of the savings period, the options vest and the option holders have a 6 month window in which to exercise their options.

The number and weighted average exercise price of share options are as follows:

	2008		2007	
	Number of options	Weighted average exercise price (p)	Number of options	Weighted average exercise price (p)
Outstanding at beginning of year	3,915	261	3,915	261
Exercised during the year	(1,741)	261	-	-
Forfeited during the year	-	-	-	-
Outstanding at end of year	2,174	261	3,915	261

The options outstanding at the year end have an exercise price of 261p and a weighted average contractual life of 1.2 years (2007: 1.8 years).

VT Southern Careers Limited
Directors' report and financial statements

Notes *(continued)*

13 Reserves *(continued)*

Share based payments *(continued)*

Compensation expense

	2008 £000	2007 £000
Equity settled share based payments	<u>2</u>	<u>-</u>

14 Reconciliation of movements in shareholder's funds

	2008 £000	2007 £000
Profit for the financial year	260	117
Dividends paid	<u>-</u>	<u>(300)</u>
	260	(183)
Capital contribution relating to share based payments	<u>2</u>	<u>-</u>
Net addition/(reduction) to shareholder's funds	262	(183)
Opening shareholder's funds	<u>1,373</u>	<u>1,556</u>
Closing shareholder's funds	<u>1,635</u>	<u>1,373</u>

15 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2008		2007	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	-	5	-	4
Within two to five years	<u>62</u>	<u>-</u>	<u>27</u>	<u>-</u>
	<u>62</u>	<u>5</u>	<u>27</u>	<u>4</u>

VT Southern Careers Limited
Directors' report and financial statements

Notes *(continued)*

16 Pension arrangements

The company is a member of a larger group wide 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 FRS 17 'Retirement benefits', the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme.

The latest full actuarial valuation on the Shipbuilding Industries Scheme was carried out at 31 March 2004 and was updated for accounting purposes to 2008 by a qualified independent actuary. The major assumptions used in these valuations were:

	2008	2007
Discount rate	6.7%	5.3%
Expected rate of return on assets:		
Equities	8.0%	8.0%
Corporate bonds	6.9%	5.4%
Gilts	4.5%	4.5%
Future salary increases	4.6%	4.1%
Rate of increase in pensions in payment	3.4%	2.9%
Inflation rate	3.5%	3.0%

The net pension liability on the group wide pension scheme at 31 March 2008 was £9,425,000 (2007: £33,065,000). This represents the liability to VT Group plc as a whole and does not represent a liability to the company.

The pension charge for the period was £20,000 (2007: £30,000). At 31 March 2008, contributions amounting to £2,000 (2007: £3,000) were payable to the fund and are included in creditors.

The company also operated several defined contribution pension schemes. The pension cost charge for the year includes contributions payable by the company to these funds amounting to £8,000 (2007: £8,000). At 31 March 2008, contributions amounting to £1,000 (2007: £1,000) were payable to the funds and are included in creditors.

17 Ultimate parent company

The company is a subsidiary undertaking of VT Support Services Limited, 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 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.