
Babcock Southern Careers Limited

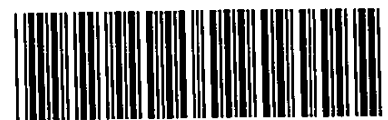
Annual report and financial statements

For the year ended 31 March 2012

Company registration number:

03007083

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The directors present their annual report and audited financial statements of the company, for the year ended 31 March 2012

Principal activities

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

Results and dividends

The company's results for the year are set out in the profit and loss account on page 6 showing a profit for the financial year after tax of £278,000 (2011 £65,000) At 31 March 2012 the company had net assets of £20,000 (2011 £2,068,000)

Dividends of £2,326,000 were paid during the year (2011 None)

	2012	2011
	£'000	£'000
Turnover	514	2,322
Operating profit	274	115

Business review and future developments

During the year the company continued to provide careers advisory services to adults in the Hampshire and Isle of Wight region On 22 June 2011 the company's sole contract ended and trading in the company ceased The full cost in respect of the employee redundancies which were incurred on termination of this contract, were provided for in the prior year

Principal risks and uncertainties

The management of the business and execution of the company's strategy are subject to a number of risks and uncertainties These are managed through the company's operational review process which is supplemented by Group level by independent challenge at both Divisional and Group levels and by the Audit and Risk Committee

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 and by continuously repositioning the business to meet their requirements and those of employers

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes to credit risk, liquidity risk and interest rate risk The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors of Babcock International Group PLC ("Babcock") are managed by the group finance department The Babcock group has a policy and procedures manual that sets out guidelines to allow it to manage financial risks and this is applied by the company

Credit risk

The company has implemented policies that require appropriate credit checks on potential companies and organisations before sales are made. The company also monitors existing accounts on an ongoing basis and takes appropriate action where necessary to minimise any potential credit risk. Material cash and bank balances are held with banks that have been assigned satisfactory credit ratings by international credit ratings agencies.

Liquidity risk

The company retains sufficient cash to ensure it has available funds for its operations. The company also has access to longer term funding from its ultimate parent undertaking if required.

Interest rate cash flow risk

The company has interest bearing assets in the form of cash balances, interest on which is at a floating rate. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Directors of the company

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

GD Leeming
F Martinelli

Qualifying third party indemnity provisions

Under the company's respective Articles of Association, the directors of the company are, and were during the year to 31 March 2012, entitled to be indemnified by the company against liabilities and costs incurred in connection with the execution of their duties or the exercise of their powers, to the extent permitted by the Companies Act 2006.

Political and charitable donations

In the year ended 31 March 2012 the company made no charitable or political donations (2011 £nil).

Disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of this information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The company has dispensed with the requirement for an Annual General Meeting and the need to appoint auditors annually.

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

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

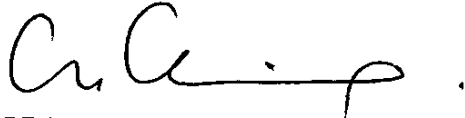
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

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

By order of the Board on 26 September 2012



GD Leeming
Director

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

Company registration number. 03007083

We have audited the financial statements of Babcock Southern Careers Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 3 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

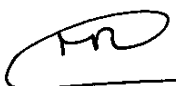
Independent auditors' report to the members of Babcock Southern Careers Limited

Company registration number: 03007083

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



Michael Coffin (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton, United Kingdom

25 September 2012

Babcock Southern Careers Limited**Profit and loss account****For the year ended 31 March 2012**

	Notes	2012 £'000	2011 £'000
Turnover	2	514	2,322
Cost of sales		<u>(319)</u>	<u>(1,872)</u>
Gross profit		195	450
Administrative expenses			
- before exceptional items		53	(252)
- exceptional items	4	26	(83)
Total administrative expenses		<u>79</u>	<u>(335)</u>
Operating profit		274	115
Interest receivable and similar income	3	4	6
Profit on ordinary activities before taxation	4	278	121
Tax on profit on ordinary activities	6	-	(56)
Profit for the financial year	12	<u>278</u>	<u>65</u>

There are no recognised gains or losses other than the profit (*2011 profit*) for the year reported above. There is also no difference between the profit (*2011 profit*) on ordinary activities before taxation for the financial years stated above.

All current and prior year amounts relate to discontinued activities as the company's sole contract expired on 22 June 2011.

Babcock Southern Careers Limited

Company registration number: 03007083

Balance sheet as at 31 March 2012

	Notes	2012 £'000	2011 £'000
Current assets			
Debtors	8	9	162
Cash at bank and in hand		170	2,839
		179	3,001
Creditors – amounts falling due within one year	9	(159)	(857)
Net current assets		20	2,144
Total assets less current liabilities		20	2,144
Provisions for liabilities and charges	10	-	(76)
Net assets		20	2,068
Capital and reserves			
Called-up share capital	11	20	20
Profit and loss account	12	-	2,048
Total shareholders' funds	12	20	2,068

The financial statements on pages 6-15 were approved by the board of directors and signed on its behalf by

GD Leeming
Director

25 September 2012

1. Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The Directors have reviewed the company's available resources and consider that the company has adequate resources to continue in existence for a period of at least 12 months following the date of approval of these financial statements. While the main contract terminated on 22 June 2011, there are sufficient cash reserves to settle all liabilities as they fall due. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

The principal accounting policies are summarised below, all of which have all been applied consistently throughout the year.

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 Babcock International Group PLC or other group undertakings as the consolidated financial statements of Babcock International 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 measured by the costs incurred against the total cost to complete. Turnover from services provided on a short-term or one-off basis is recognised when the service is complete.

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. Deferred taxation assets are recognised only to the extent that in the opinion of the directors, there is a reasonable probability that the asset will crystallise in the foreseeable future. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1. Accounting policies (*continued*)

Pensions costs and other post retirement benefits

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 year.

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 year.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the year in which they are incurred.

Provisions

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

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis.

Contract termination

On termination or expiry of a contract, the company will evaluate the commitments relating to the contract and provide for terminal liabilities including redundancy and onerous leases at the time the liability becomes probable.

Dividends in 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 entirely attributable to the United Kingdom market and entirely attributable to the activities described in the Directors' report.

Babcock Southern Careers Limited
Notes to the financial statements (continued)
For the year ended 31 March 2012

3. Interest receivable and similar income

	2012 £'000	2011 £'000
Bank interest	<u>4</u>	<u>6</u>
	4	6

4. Profit on ordinary activities before taxation

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

	2012 £'000	2011 £'000
Auditors' remuneration		
- audit fees	-	7
Operating lease rentals		
- plant & machinery	2	2
- other	6	24
Redundancy costs payable on cessation of sole contract	(26)	83
Release of dilapidations provision (note 10)	(58)	-

The auditors' remuneration for the current year has been borne by a fellow group company. No fees are paid to PricewaterhouseCoopers LLP in respect of this company other than the statutory audit of the company. Fees for other services provided by the auditor to the group of companies are disclosed on a consolidated basis in the financial statements of Babcock International Group PLC.

On 15 September 2010, proprietary know-how, not capitalised in the financial statements of the company in accordance with FRS 10, was transferred to Babcock Integration LLP in exchange for an interest in that partnership. This was in order to facilitate the integration of the Babcock and VT groups. The partnership interest has been recognised at a cost of £nil given that the know-how transferred was not recognised in the financial statements of the company prior to the transfer. A royalty is payable at the rate of 1.5% of turnover. The charge for the year is £7,000 (2011: £17,000) and has been recognised in cost of sales.

5. Directors remuneration and staff costs

The average monthly number of employees was

	2012 Number	2011 Number
Production	4	12
Administration	<u>2</u>	<u>3</u>
	6	15

Babcock Southern Careers Limited
Notes to the financial statements (continued)
For the year ended 31 March 2012

5. Directors remuneration and staff costs (continued)

Their aggregate remuneration comprised

	2012	2011
	£'000	£'000
Wages and salaries	116	308
Social security costs	13	29
Other pension costs	11	7
	140	344

All of the directors of the company are subject to service agreements with and remunerated by other group companies. It is not possible to make an accurate apportionment of their emoluments relating to the services provided to the company.

6. Tax on profit on ordinary activities

	2012	2011
	£'000	£'000
Current tax		
UK Corporation tax on profits of the year	-	-
Current tax charge for the year	-	-
Deferred tax		
Origination and reversal of timing differences	-	37
Deferred tax asset written off	-	19
Tax on ordinary activities	-	56

Factors affecting the tax charge for the year

The tax assessed for the year is lower (2011: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2011 of 26% (2011: 28%). The differences are explained below:

	2012	2011
	£'000	£'000
Profit on ordinary activities before tax	278	121
Tax on profit on ordinary activities at standard UK corporation tax rate of 26% (2011: 28%)	72	34
Effects of		
Timing differences	-	(37)
Group relief for nil consideration	(72)	3
Current tax charge for the year	-	-

Babcock Southern Careers Limited
Notes to the financial statements (continued)
For the year ended 31 March 2012

6. Tax on profit on ordinary activities (continued)

Factors affecting the future tax charge

The Finance Act 2011 was substantively enacted on 19 July 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 and to 25% with effect from 1 April 2012. This was reduced further to 24% with effect from 1 April 2012 via a Parliamentary Resolution passed on 26 March 2012. The March 2012 Budget Statement also announced an intention to continue to reduce the main rate of corporation tax by 1% per annum to 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore, the effects of these are not included in these financial statements.

7. Dividends

	2012	2011
	£'000	£'000
Equity - Ordinary		
Interim Paid £116 per share (2011 nil)	2,326	-
	2,326	-

8. Debtors

	2012	2011
	£'000	£'000
Trade debtors	-	10
Amounts owed by group undertakings	4	39
Other debtors	5	2
Prepayments, other debtors and accrued income	-	111
	9	162

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

9. Creditors – amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	-	103
Amounts owed to group undertakings	152	81
Other creditors	7	4
Other taxes and social security	-	96
Accruals and deferred income	-	573
	159	857

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Babcock Southern Careers Limited
Notes to the financial statements (continued)
For the year ended 31 March 2012

10. Provisions for liabilities and charges

	Dilapidations provisions £'000	Total £'000
At 1 April 2011	76	76
Released during the year	(58)	(58)
Utilised during the year	(18)	(18)
At 31 March 2012	-	-

Provisions had been made in prior year to cover valuations relating to the cost of dilapidations to leasehold properties. The final invoice was lower than expected and was settled in the year, as such provisions were released.

11. Called-up share capital

	2012 £'000	2011 £'000
Allotted, issued 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
	20	20

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, and
- 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.

All three classes of share capital have the same rights and are equally ranked upon winding up of the company.

Babcock Southern Careers Limited
Notes to the financial statements (continued)
For the year ended 31 March 2012

12. Reconciliation of movements in shareholders' funds and reserves

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2011	20	2,048	2,068
Profit for the financial year	-	278	278
Dividend paid	-	(2,326)	(2,326)
At 31 March 2012	20	-	20

13. Guarantees and financial commitments

a) Guarantees

The company at the year end had a joint and several liability for drawn bank overdraft facilities of other group companies for the value of £nil (2011 £4 5million)

b) Operating lease commitments

	2012 Land and buildings £'000	2012 Other £'000	2011 Land and buildings £'000	2011 Other £'000
Annual commitments under non-cancellable operating leases expiring as				
- within one year	-	-	6	-
- between two and five years	-	-	-	2
	-	-	6	2

14. Pension commitments

The company was 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 pension charge in the financial statements (note 5) represents contributions paid to the scheme.

During the year £10,000 (2011 4,421) was paid to the defined benefit scheme, including deficit funding contributions (2011 £4,000). At 31 March 2012 there were no outstanding contributions payable (2011 £nil).

The company also operated several defined contribution pension schemes. During the year £1,000 was paid to the defined contribution schemes (2011 £2,730). At 31 March 2012 there were no outstanding contributions payable (2011 £nil).

15. Ultimate parent undertaking

The company's immediate parent company is Babcock International Support Services Limited, a company registered in England and Wales. The company's ultimate parent company and ultimate controlling party is Babcock International Group PLC, a company registered in England and Wales. The only Group in which the results of the company are consolidated is that headed by Babcock International Group PLC.

Copies of Babcock International Group PLC Financial Statements are available from the following address:

The Company Secretary
Babcock International Group PLC
33 Wigmore Street
London W1U 1QX