

VT Southern Careers Limited

**Directors' report and financial
statements**

Registered number 3007083

31 March 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

Principal activity

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

Business review

During the year VT Southern Careers Limited continued to provide careers advisory services in Hampshire and the Isle of Wight as well as developing activities outside the core contract.

Directors and directors' interests

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

TG Collins	Chairman	(resigned 31 March 2001)	
G Wilson	All parties Director	(resigned 31 March 2001)	
A Seber	'B' Director		(alternate G Heller)
DW Main	'A' Director		(alternate D Brown)
SE Tarrant	'A' Director	(resigned 7 September 2000)	
RG Rowe	'A' Director	(resigned 7 September 2000)	
A McGowan	'A' Director	(appointed 7 September 2000)	(alternate S E Tarrant)
C Thompson	'A' Director		(alternate RG Hastilow)

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

The 'A' Directors are appointed by the 'A' shareholders and the 'B' Director is appointed by the 'B' shareholders.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company and other Group companies. According to the register of directors' interests, no rights to subscribe for shares in the Company or any other Group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Directors' report *(continued)*

Dividends and reserves

The profit for the year available to shareholders after tax amounted to £474,000 (2000:£556,000); the directors recommend the payment of a dividend of £379,000 (2000:£316,000).

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.

Charitable and political contributions

During the year the Company made no charitable or political donations (2000: £Nil).

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By the order of the Board



PG Dawes
Secretary

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent fraud and other irregularities.



KPMG Audit Plc

Dukes Keep
Marsh Lane
Southampton SO14 3EX
United Kingdom

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

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

28 January 2002

Profit and loss account
for the year ended 31 March 2001

	Note	2001 £000	2000 £000
Turnover	2		
Continuing Operations		7,997	7,448
Discontinued Operations		1,130	359
		<hr/>	<hr/>
Operating costs		9,127	7,807
Continuing Operations		(7,338)	(6,678)
Discontinued Operations		(1,112)	(415)
		<hr/>	<hr/>
		(8,450)	(7,093)
Operating profit			
Continuing Operations		659	770
Discontinued Operations		18	(56)
		<hr/>	<hr/>
		677	714
Other interest receivable and similar income	5	103	86
		<hr/>	<hr/>
Profit on ordinary activities before taxation	6	780	800
Tax on profit on ordinary activities	7	(306)	(244)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		474	556
Dividends	8	(379)	(316)
		<hr/>	<hr/>
Retained profit for the financial year	14	95	240
		<hr/>	<hr/>

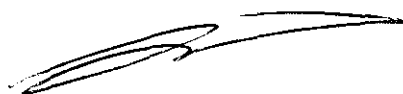
There are no recognised gains and losses other than the profit for the year reported above. There is also no difference between the profit on ordinary activities before taxation and the retained profit for the financial years stated above, and their historical cost equivalents.

Balance sheet

at 31 March 2001

	Note	2001 £000	2000 £000
Fixed assets			
Tangible assets	9	27	49
Current assets			
Stocks and work in progress		12	1
Debtors	10	1,093	2,830
Cash at bank and in hand		1,789	16
		<u>2,894</u>	<u>2,847</u>
Creditors: amounts falling due within one year	11	<u>(1,745)</u>	<u>(1,796)</u>
Net current assets		<u>1,149</u>	<u>1,051</u>
Total assets less current liabilities		<u>1,176</u>	<u>1,100</u>
Creditors: amounts falling due after more than one year	12	-	(19)
Net assets		<u>1,176</u>	<u>1,081</u>
Capital and reserves			
Called up share capital	13	20	20
Profit and loss account	14	1,156	1,061
Equity shareholders' funds	15	<u>1,176</u>	<u>1,081</u>

These financial statements were approved by the board of directors on 21 Nov 01 and were signed on its behalf by:



A McGowan
Director

Cash flow statement

for the year ended 31 March 2001

	<i>Note</i>	2001 £000	2000 £000
Cash flow from operating activities	17	2,464	473
Returns on investments and servicing of finance	18	133	-
Taxation		(256)	(278)
Capital expenditure and financial investment	18	3	(25)
Equity dividends paid		(316)	(316)
Increase/(decrease) in cash in the year		<u>2,028</u>	<u>(146)</u>

Reconciliation of net cash flow to movement in net funds

	<i>Note</i>	2001 £000	2000 £000
Increase/(decrease) in cash in the year and movement in net funds	19	2,028	(146)
Net debt at beginning of year		(239)	(93)
Net funds/(debt) at the end of the year		<u>1,789</u>	<u>(239)</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.

Turnover

Turnover represents the value of services provided to customers during the year less VAT.

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
Motor vehicles - 4 years

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.

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

Pension costs

The company is a member of the Shipbuilding Industries Pension Scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Contributions are charged to the profit and loss account so as to spread the cost of pensions over the service lives of pensionable employees.

Stock

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

2 Turnover

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

Notes (continued)

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees	
	2001	2000
Administration staff	17	31
Careers advisory staff	204	203
	<hr/>	<hr/>
	221	234
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2001 £000	2000 £000
Wages and salaries	3,657	3,635
Social security costs	264	269
Other pension costs	390	365
	<hr/>	<hr/>
	4,311	4,269
	<hr/>	<hr/>

4 Remuneration of directors

	2001 £000	2000 £000
Directors' emoluments	21	47
	<hr/>	<hr/>

The names and beneficial interests of directors are shown on page 1 of the directors' report.

5 Other interest receivable and similar income

	2001 £000	2000 £000
Receivable from group undertakings	49	86
Other interest receivable	54	-
	<hr/>	<hr/>
	103	86
	<hr/>	<hr/>

Notes (continued)

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2001 £000	2000 £000
Depreciation of tangible fixed assets	19	32
Auditor's remuneration - audit services	5	4
- other fees paid to the auditor and its associates	2	1
	<u>26</u>	<u>37</u>

7 Taxation

	2001 £000	2000 £000
UK corporation tax at 30% (2000:30%)	271	255
Deferred tax	35	(16)
Adjustments relating to an earlier year	-	5
	<u>306</u>	<u>244</u>

8 Dividends

	2001 £000	2000 £000
Equity shares:		
Final dividend proposed	379	316
	<u>379</u>	<u>316</u>

Notes (continued)

9 Tangible fixed assets

	Motor vehicles £000	Office Equipment £000	Total £000
Cost			
At beginning of year	45	89	134
Additions	8	-	8
Disposals	(14)	-	(14)
	<hr/>	<hr/>	<hr/>
At end of year	39	89	128
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	9	76	85
Charge for year	6	13	19
Disposals	(3)	-	(3)
	<hr/>	<hr/>	<hr/>
At end of year	12	89	101
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2001	27	-	27
	<hr/>	<hr/>	<hr/>
At 31 March 2000	36	13	49
	<hr/>	<hr/>	<hr/>

10 Debtors

	2001 £000	2000 £000
Trade debtors	155	132
Amounts owed by group undertakings	150	2,023
Other debtors	64	47
Prepayments and accrued income	709	578
Recoverable taxation	15	50
	<hr/>	<hr/>
	1,093	2,830
	<hr/>	<hr/>

The deferred tax asset at 31 March comprises:

	2001 £000	2000 £000
Accelerated depreciation	-	50
Other short term timing differences	15	-
	<hr/>	<hr/>
	15	50
	<hr/>	<hr/>

Deferred tax has been provided at 30% (2000:30%). There is no unprovided deferred tax.

Notes (continued)

10 Debtors (continued)

	Deferred tax £000
At beginning of year	50
Released unused	(35)
	<hr/>
At end of year	15
	<hr/>

11 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank loans and overdrafts	-	255
Trade creditors	57	52
Amounts owed to group undertakings	413	408
Corporation tax	271	256
Other taxes and social security costs	73	232
Other creditors	105	-
Accruals and deferred income	447	277
Dividends proposed	379	316
	<hr/>	<hr/>
	1,745	1,796
	<hr/>	<hr/>

12 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Other creditors	-	19
	<hr/>	<hr/>

Notes (continued)

13 Called up share capital

	2001 £000	2000 £000
Authorised		
75,100 'A' ordinary shares of £1 each	75	75
19,900 'B' ordinary shares of £1 each	20	20
5,000 'C' ordinary shares of £1 each	5	5
	<hr/> 100	<hr/> 100
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
	<hr/> 20	<hr/> 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;
- 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.

14 Reserves

	Profit and loss £000
At 1 April 2000	1,061
Retained profit for the financial year	95
	<hr/>
At 31 March 2001	1,156

Notes (continued)

15 Reconciliation of movement in shareholders' funds

	2001 £000	2000 £000
Profit for the financial year	474	556
Dividend	(379)	(316)
Net addition to shareholder's funds	95	240
Opening shareholder's funds	1,081	841
Closing shareholder's funds	1,176	1,081

16 Pension arrangements

The Company is a member of the Group's pension scheme which is administered by independent trustees. The scheme is of the defined benefit type and actuarial valuations are undertaken every three years. The rates at which the Group contributes to the scheme have been determined in accordance with the advice of independent qualified actuaries. The latest valuation of the scheme, of which most employees are members, was at 1 April 1998 using the attained age method. The principal assumption in this valuation was that investment returns would be 2¼% higher than the rate of annual pay increases. The market value of the assets was £153 million, and the actuarial value of the assets was sufficient to cover 126% of the benefits accruing to members after allowing for expected future pay increases. The surplus revealed by the actuarial valuation will be spread over the expected remaining service lives of scheme members currently employed by the Group.

The Company is also a participating employer in the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund. The funds are defined benefit types with employer contribution rates of 6.9% and 8.0% respectively. Details of the schemes may be found in the Trustees' reports.

17 Reconciliation of operating profit to operating cash flows

	2001 £000	2000 £000
Operating profit	677	714
Depreciation	19	32
Increase in stocks and work in progress	(11)	(1)
Decrease/(increase) in debtors	1,672	(668)
Increase in creditors	107	396
Net inflow of cash from operating activities	2,464	473

Notes (continued)

18 Analysis of cash flows for headings netted in the cash flow statement

	2001 £000	2000 £000
Net cash inflow on investments and servicing of finance		
Interest received	133	-
	<hr/>	<hr/>
Net cash inflow for capital expenditure		
Payments to acquire tangible fixed assets	(8)	(31)
Receipts from sales of tangible fixed assets	11	6
	<hr/>	<hr/>
	3	(25)
	<hr/>	<hr/>

19 Analysis of net funds/(debt)

	At 1 April 2000	Cash flows	At 31 March 2001
	£000	£000	£000
Cash in hand and at bank	16	1,773	1,789
Overdraft	(255)	255	-
	<hr/>	<hr/>	<hr/>
	(239)	2,028	1,789
	<hr/>	<hr/>	<hr/>

Notes (continued)

20 Related party transactions

During the year the Company entered into transactions with related parties. These consisted of Vosper Thornycroft (UK) Limited and Hampshire County Council, both shareholders of the Company, VT Services Limited, Careers Management Limited, Surrey Careers Services Limited, Vosper ManTech Limited, Vosper Thornycroft International Services Limited and Careers Enterprises Limited, which are subsidiaries of Vosper Thornycroft (UK) Limited. The following amounts were charged to the Company for services received; these were on an arm's length basis:

	2001 £000	2000 £000
Vosper Thornycroft (UK) Limited	71	115
Hampshire County Council	79	90
VT Services Limited	637	891
VT West Sussex Careers Limited	86	9
Careers Management Limited	411	106
Progressions Ltd	17	1
Careers Enterprise Ltd	62	-
Surrey Careers Service Ltd	1	-
VT Marine Products Ltd	4	-
VT International Services Ltd	766	-

The following amounts were charged by the Company for services rendered; these were on an arm's length basis.

	2001 £000	2000 £000
VT Services Limited	7	31
VT West Sussex Careers Limited	146	32
Vosper Thornycroft (UK) Limited	8	1
Careers Management Limited	76	1
Surrey Careers Services Limited	24	21
Careers Enterprise Limited	158	31
Vosper ManTech Limited	-	5
Careers Management Ltd	76	-
VT International Services Ltd	10	-

The following balances were owed by/(to) the following companies at 31 March:

	2001 £000	2000 £000
Vosper Thornycroft (UK) Limited	14	1,949
VT Services Limited	(44)	(284)
VT West Sussex Careers Limited	(73)	20
Vosper Thornycroft International Services Limited	(58)	(150)
Surrey Careers Services Limited	2	18
Careers Enterprise Limited	66	13
Careers Management Limited	(165)	(101)
Progressions Ltd	(5)	-

Notes *(continued)*

21 Ultimate holding company

The Company is a subsidiary undertaking of Vosper Thornycroft International 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 Vosper Thornycroft Holdings plc. The consolidated financial statements are available to the public at that company's registered office of Victoria Road, Woolston, Southampton. No other financial statements include the results of the Company.