HCTC Limited

Directors' report and financial statements

Registered number 3560828

31 March 2010

HCTC Limited
Directors' report and financial statements

Contents

The directors' report and the business review

The directors present their annual report and the audited financial statements for the year ended 31 March 2010

Principal activity

The company did not trade during the year

Review of business

Key performance indicators:

	2010	2009
	£000	£000
Turnover	**-**	596
Operating profit – discontinued operations	**1**	4
Learner completion rate	**63%**	56%

The company forms part of VT Group plc's vocational training business (VT Training) which now has approximately 21,000 learners across the hospitality, care, sport, retail and engineering sectors and continues to grow The group is now one of the largest providers of work-based vocational training assessment to the LSC

VT Training's completion and success rates continue to improve and, as the market consolidates, the company continues to explore opportunities to extend the business in additional sectors and geographical areas

Dividends

No dividends were paid in respect of the year ended 31 March 2010 *(2009 £nil)*

Directors

The directors who held office during the year were as follows

PJ Harrison
SB Withey

PJ Harrison is also a director of VT Group plc and his interests in the shares of that company and his rights to subscribe for shares of that company are shown in its directors' report

Employment of disabled persons

Full and fair consideration is afforded to applications from suitably qualified disabled persons and to their subsequent career advancement within the company If existing employees become disabled, opportunities are sought to re-train them so as to enable them to continue their current work or to undertake other work within the company which is suited to their aptitude and abilities

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

Employee investment and involvement

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

The company also takes all reasonable steps to ensure employment conditions are equal in all respects for sex, race, colour, ethnic background, religion or disability

Events after the Balance Sheet Date

On 23 March 2010 Babcock International Group PLC ("Babcock") and the company's ultimate parent, VT Group plc announced that they had reached agreement on the terms of a recommended acquisition by Babcock of all of the issued and to be issued, share capital of the VT Group plc

The acquisition is expected to be completed in July 2010 with the VT Group plc shares being delisted from the London Stock Exchange and VT Group plc and its subsidiary undertakings becoming subsidiaries of Babcock Following the acquisition by Babcock, the change of control may have an impact on the basis of preparation applied to certain of the company's assets and liabilities however there is no consequential impact on the financial statements for the year ended 31 March 2010 The impact on the financial statements in the year ending 31 March 2011 and beyond, if any, has not yet been determined although the immediate effect of the change in control of the Group is discussed in the basis of preparation

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

With reference to note 14 of the financial statements, after the acquisition of the ultimate parent company by Babcock International PLC is completed, KPMG Audit Plc will resign as auditor of the company

MP Jowett
Secretary

25 June 2010

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)

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 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 in basis of prep and directors' report 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

KPMG Audit Plc

Independent auditors' report to the members of HCTC Limited

We have audited the financial statements of HCTC Limited for the year ended 31 March 2010 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 auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

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 2010 and of its result for the year then ended,
- have been properly prepared in accordance with the UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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 HCTC Limited *(continued)*

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

Philip Cotton

P Cotton (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

30 June 2010

Dukes Keep
Marsh Lane
Southampton
SO14 3EX

Profit and loss account
for the year ended 31 March 2010

	Notes	2010 Discontinued Operations Total £000	2009 Discontinued Operations Total £000
Turnover	2	-	596
Gross profit		-	596
Administrative expenses		-	(592)
Other Income		1	-
Operating profit		1	4
Interest receivable	5	5	125
Profit on ordinary activities before taxation	6	6	129
Tax on profit on ordinary activities	7	(2)	(42)
Profit for the year	11	4	87

There are no recognised gains or 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 profit for the financial year stated above and their historical cost equivalents

Balance sheet
at 31 March 2010

	Notes	2010 £000	2009 £000
Current assets			
Debtors	8	1	32
Cash at bank and in hand		2,339	2,416
		2,340	2,448
Creditors amounts falling due within one year	9	(2)	(114)
Net Assets		2,338	2,334
Capital and reserves			
Called up share capital	10	1,762	1,762
Share premium account	11	2	2
Profit and loss account	11	574	570
Shareholder's funds	12	2,338	2,334

These financial statements were approved by the board of directors on 25 June 2010 and were signed on its behalf by

Philip Harrison

PJ Harrison
Director

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 UK generally accepted accounting principles using the historical cost convention

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

As explained in Note 14 to the financial statements, the offer for the company's ultimate parent, VT Group plc, by Babcock International PLC ("Babcock") is expected to become unconditional on 8 July 2010 Accordingly, the company and the Group will be under the control of Babcock and, in particular, Babcock group's treasury arrangements At 31 March 2010 the Group headed by VT Group plc ('the Group') had net cash and significant committed facilities In the light of this and the company and the Group's financial projections, the directors consider that the company has adequate resources to continue in operational existence for the foreseeable future However, following completion of the acquisition of VT Group plc by Babcock, the committed facilities may be cancelled and the Group's cash will be managed as a component of the treasury arrangements for the enlarged Babcock group The directors of the company understand that Babcock has indicated to the directors of VT Group plc that it intends to provide financial support to VT Group plc and its subsidiaries at least for the period of twelve months from the date of completion of the transaction, to enable the Group to continue to trade and meet its liabilities as they fall due

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements

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 for taxation and accounting purposes Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain tax items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

Notes *(continued)*

1 Accounting policies *(continued)*

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

Dividends on shares presented within shareholder's 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 Analysis of turnover

Turnover by origin principally arises from activities within the United Kingdom

3 Remuneration of directors

None of the directors received remuneration for their services to the company in the current year as the services provided to the company are incidental to their wider role in the group *(2009 £nil)*

4 Staff numbers and costs

The company had no employees in the year *(2009 nil)*

5 Interest receivable

	2010	2009
	£000	£000
Interest receivable on bank deposits	**5**	125

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

		2010	2009
		£000	£000
Auditors remuneration	- audit fees	**-**	-

Fees paid to the company's auditors, KPMG Audit Plc, and its associates, for services other than statutory audit of the company, are disclosed on a consolidated basis to the financial statements of the ultimate parent undertaking, VT Group plc

Notes *(continued)*

7 Taxation

	2010 £000	2009 £000
Current tax		
UK corporation tax on profit for the year	2	36
Adjustments in respect of prior years	-	6
Total current tax charge	2	42
Tax charge on ordinary activities	2	42

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2009 higher)* than the standard rate of corporation tax in the UK of 28% *(2009 28%)* The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	6	129
Profit on ordinary activities multiplied by standard rate in UK of 28% *(2009 28%)*	2	36
Effects of		
Adjustment to tax charge in respect of prior years	-	6
Current tax charge for the year	2	42

8 Debtors

	2010 £000	2009 £000
Trade debtors	1	28
Prepayments and accrued income	-	4
	1	32

9 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	-	66
Corporation tax	2	4
Other creditors	-	44
	2	114

Notes *(continued)*

10 Called up share capital

	2010 £000	2009 £000
Allotted, called up and fully paid		
17,621,361 ordinary shares of 10p	**1,762**	1,762

11 Reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	2	570
Profit for the financial year	-	4
At end of year	**2**	**574**

Share based payments

The share schemes transferred with the employees on 31 July 2007, to the parent company VT Training plc

12 Reconciliation of movements in shareholder's funds

	2010 £000	2009 £000
Profit for the financial year	**4**	87
Net increase in shareholder's funds	**4**	87
Opening shareholder's funds	**2,334**	2,247
Closing shareholder's funds	**2,338**	2,334

13 Ultimate parent company

The company is a subsidiary undertaking of VT Training plc, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent undertaking of the company is VT Group plc, 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 VT House, Grange Drive, Hedge End, Southampton, SO30 2DQ No other financial statements include the results of the company

Notes *(continued)*

14 Events after the Balance Sheet Date

On 23 March 2010 Babcock International Group PLC ("Babcock") and the company's ultimate parent, VT Group plc announced that they had reached agreement on the terms of a recommended acquisition by Babcock of all of the issued and to be issued, share capital of the VT Group plc

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