

**VT Fire Training  
(Avonmouth) Limited**

Directors' report and financial  
statements

Registered number 4168329

31 March 2005



**VT Fire Training (Avonmouth) Limited**  
**Directors' report and financial statements**

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# **VT Fire Training (Avonmouth) Limited**

## **Directors' report and financial statements**

### **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

#### **Principal activity and business review**

The company's principal activity is the design, construction and maintenance of Fire Fighting Units for use in the provision of fire fighting training to the Somerset and Avon and Gloucestershire Fire Brigades.

The profit and loss account for the year is set out on page 4.

#### **Dividends**

The directors do not recommend the payment of a dividend (2004: £nil).

#### **Directors**

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

CJ Cundy  
SE Tarrant

CJ Cundy and SE Tarrant are directors of VT Group plc and their interests in the shares of that company and their rights to subscribe for shares of that company are shown in its directors' report.

#### **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*

14 November 2005

## **VT Fire Training (Avonmouth) Limited**

### **Directors' report and financial statements**

#### **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;
- 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 and detect fraud and other irregularities.



## KPMG Audit Plc

Dukes Keep  
Marsh Lane  
Southampton  
Hampshire SO14 3EX

### **Report of the independent auditors to the members of VT Fire Training (Avonmouth) Limited**

We have audited the financial statements on pages 4 to 10.

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 are responsible for preparing the directors' report and, as described on page 2, 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 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

9 January 2006

**VT Fire Training (Avonmouth) Limited**  
**Directors' report and financial statements**

**Profit and loss account**

*for the year ended 31 March 2005*

	<i>Notes</i>	<b>2005</b> <b>£000</b>	2004 £000 Restated
<b>Turnover</b>	<i>2</i>	<b>2,072</b>	2,114
Operating costs		<u>(1,898)</u>	<u>(1,725)</u>
<b>Operating profit</b>		<b>174</b>	389
Interest receivable and similar income	<i>4</i>	<b>20</b>	24
Interest payable and similar charges	<i>5</i>	<u>(885)</u>	<u>(880)</u>
<b>Loss on ordinary activities before taxation</b>	<i>6</i>	<b>(691)</b>	(467)
Tax on loss on ordinary activities	<i>7</i>	<u>191</u>	<u>67</u>
<b>Retained loss for the financial year</b>	<i>14</i>	<u><b>(500)</b></u>	<u>(400)</u>

The above results all relate to continuing activities.

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

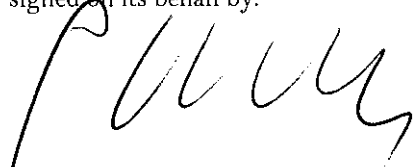
**VT Fire Training (Avonmouth) Limited**  
**Directors' report and financial statements**

**Balance sheet**

at 31 March 2005

	Notes	2005 £000	2004 £000 Restated
<b>Fixed assets</b>			
Tangible assets	8	<u>8,693</u>	<u>9,137</u>
<b>Current assets</b>			
Debtors	9	<u>370</u>	<u>329</u>
Cash at bank and in hand		<u>262</u>	<u>832</u>
		<b>632</b>	<b>1,161</b>
<b>Creditors: amounts falling due within one year</b>	10	<u>(302)</u>	<u>(382)</u>
<b>Net current assets</b>		<u>330</u>	<u>779</u>
<b>Total assets less current liabilities</b>		<b>9,023</b>	<b>9,916</b>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(9,644)</u>	<u>(10,122)</u>
<b>Provision for liabilities and charges</b>	12	<u>(279)</u>	<u>(194)</u>
<b>Net liabilities</b>		<u>(900)</u>	<u>(400)</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account	14	<u>(900)</u>	<u>(400)</u>
<b>Equity shareholder's deficit</b>	15	<u>(900)</u>	<u>(400)</u>

These financial statements were approved by the board of directors on 14 NOVEMBER 2005 and were signed on its behalf by:

  
**CJ Cundy**  
 Director

# VT Fire Training (Avonmouth) 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 convention.

The financial statements have been prepared on the going concern basis because the company's ultimate parent undertaking has confirmed that it will provide such financial and other support as is necessary to enable the company to meet its liabilities for the foreseeable future.

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 represents the value of services provided to customers during the year. Turnover from services is recognised when the group obtains the right to consideration in exchange for its performance, which is usually when title passes. Turnover on long term contracts is recognised when, and to the extent that the group obtains the rights to consideration. This is derived from an assessment of the fair value of the work performed to the reporting date as a proportion of the total fair value of the contract.

#### *Fixed assets and depreciation*

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

Leasehold land and buildings	-	Over the term of the lease
Plant and machinery	-	3 - 20 years

#### *Leasing*

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

#### *Taxation*

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.



**VT Fire Training (Avonmouth) Limited**  
**Directors' report and financial statements**

**Notes** *(continued)*

**2 Analysis of turnover**

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

**3 Remuneration of directors**

During the year the emoluments of the directors were borne by a fellow group company.

**4 Interest receivable and similar income**

	2005 £000	2004 £000
On bank deposits	<u>20</u>	<u>24</u>

**5 Interest payable and similar charges**

	2005 £000	2004 £000
Interest on intercompany borrowings	<u>885</u>	<u>880</u>

**6 Loss on ordinary activities before taxation**

*Loss on ordinary activities before taxation is stated after charging:*

	2005 £000	2004 £000
Auditors remuneration	6	6
Depreciation	<u>492</u>	<u>491</u>

**7 Taxation**

	2005 £000	2004 £000 Restated
<i>Current tax</i>		
Group relief receivable	<u>(276)</u>	<u>(261)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	142	194
Adjustments in respect of prior years	<u>(57)</u>	-
Total deferred tax charge	<u>85</u>	<u>194</u>
Tax credit on loss on ordinary activities	<u>(191)</u>	<u>(67)</u>

**VT Fire Training (Avonmouth) Limited**  
**Directors' report and financial statements**

**Notes** *(continued)*

**7** Taxation *(continued)*

**Factors affecting the tax charge for the current period**

The current tax charge for the year is lower *(2004: lower)* than the standard rate of corporation tax in the UK of 30% *(2004: 30%)*. The differences are explained below:

	<b>2005</b> <b>£000</b>	2004 £000 Restated
Loss on ordinary activities before tax	<u>(691)</u>	<u>(467)</u>
Loss on ordinary activities multiplied by standard rate in UK of 30% <i>(2004: 30%)</i>	<b>(207)</b>	(140)
<i>Effects of:</i>		
Depreciation on assets not qualifying for allowances	<b>73</b>	-
Difference between capital allowances and depreciation	<u>(142)</u>	<u>(121)</u>
Current tax credit for the year	<u>(276)</u>	<u>(261)</u>

**8** Tangible assets

	Leasehold land and buildings £000	Plant and machinery £000	Total £000
<b>Cost</b>			
At beginning of year	8,066	1,562	9,628
Additions	<u>48</u>	<u>-</u>	<u>48</u>
At end of year	<u>8,114</u>	<u>1,562</u>	<u>9,676</u>
<b>Depreciation</b>			
At beginning of year	323	168	491
Charge for year	<u>325</u>	<u>167</u>	<u>492</u>
At end of year	<u>648</u>	<u>335</u>	<u>983</u>
<b>Net book value</b>			
At 31 March 2005	<u><b>7,466</b></u>	<u><b>1,227</b></u>	<u><b>8,693</b></u>
At 31 March 2004	<u>7,743</u>	<u>1,394</u>	<u>9,137</u>

**9** Debtors

	<b>2005</b> <b>£000</b>	2004 £000 Restated
Group relief receivable	<b>362</b>	261
Other taxes and social security costs	<b>8</b>	-
Prepayments	<u>-</u>	<u>68</u>
	<u><b>370</b></u>	<u>329</u>

**VT Fire Training (Avonmouth) Limited**  
**Directors' report and financial statements**

**Notes** *(continued)*

**10 Creditors: amounts falling due within one year**

	2005 £000	2004 £000 Restated
Amounts owed to group undertakings	56	219
Other taxes and social security costs	-	40
Accruals and deferred income	<u>246</u>	<u>123</u>
	<u>302</u>	<u>382</u>

**11 Creditors: amounts falling due after more than one year**

	2005 £000	2004 £000
Amounts owed to group undertakings	<u>9,644</u>	<u>10,122</u>

The amounts owed to group undertakings, represents two loans which are repayable by six-monthly capital and interest instalments totalling £500,640 and bear interest at a fixed rate of 9.03%. The loans are due to be repaid in full by March 2026.

**12 Provisions for liabilities and charges**

	Deferred taxation £000
At beginning of year	194
Charge in year	<u>85</u>
<b>At end of year</b>	<b><u>279</u></b>

The deferred taxation liability is analysed as follows:

	2005 £000	2004 £000
Accelerated capital allowances	<u>279</u>	<u>194</u>

**13 Called up share capital**

	2005 £	2004 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

**VT Fire Training (Avonmouth) Limited**  
**Directors' report and financial statements**

**Notes** *(continued)*

**14 Reserves**

	<b>Profit and loss account £000</b>
At beginning of year:	
As previously reported	(199)
Prior year adjustment	<u>(201)</u>
Restated	(400)
Retained loss for the year	<u>(500)</u>
<b>At end of year</b>	<b><u>(900)</u></b>

The prior year adjustment relates to a refinement of the revenue recognition accounting policy relating to service contracts (increased loss of £287,000 net of a 30% tax credit of £86,000). The current accounting policy for these contracts is summarised in Note 1.

**15 Reconciliation of movements in shareholder's funds**

	<b>2005 £000</b>	<b>2004 £000 Restated</b>
Loss for the financial year	<u>(500)</u>	<u>(400)</u>
Net increase in shareholder's deficit	(500)	(400)
Opening shareholder's deficit	<u>(400)</u>	<u>-</u>
<b>Closing shareholder's deficit</b>	<b><u>(900)</u></b>	<b><u>(400)</u></b>

**16 Ultimate parent company**

The company is a subsidiary undertaking of VT Investments 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.