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# **Babcock Fire Services (SW) Limited**

## **Annual report and financial statements**

**For the year ended 31 March 2014**

**Company registration number:**

**04380305**



## Babcock Fire Services (SW) Limited

Company registration number: 04380305

### Strategic report

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The directors present their strategic report for the year ended 31 March 2014.

#### Review of business

##### Key performance indicators

	2014 £000	2013 £000
Turnover	1,848	1,885
Operating profit	514	578

The company has delivered a lower volume of training in the year resulting in reduced turnover against a fixed cost base.

In addition to the financial measures noted above, the company's performance is monitored by a variety of qualitative measures in terms of service delivery that can result in performance deductions. To date the level of performance deductions has remained below original expectations.

The key risk facing the company is maintaining high quality delivery to the client ensuring that the fire fighting training facility is available as and when required. This is mitigated by ensuring that there is a close working relationship with the Fire Authority and a detailed maintenance schedule based upon historical experience of managing similar contracts.

In addition the company is susceptible to interest rate fluctuations on long term borrowings. The company has managed this risk by the use of an interest rate swap to achieve a fixed rate borrowing. The interest charge for the year on the non-recourse long term PFI borrowings amounted to £365,000 (2013: £378,000) resulting in a profit on ordinary activities before taxation of £155,000 (2013: profit £205,000).

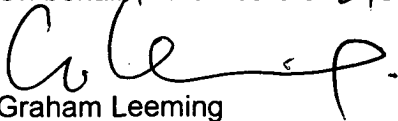
The company has 16.5 years left of the original 25 year contract with the Fire Authority in respect of the operation of the facility, providing visibility of future trading income.

#### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at Babcock International Group Plc "Group" level by independent challenge and review by the Group risk manager and 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 repositioning the business as required to meet their requirements and those of employers.

On behalf of the Board on 24 October 2014:



Graham Leeming

Director

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**Babcock Fire Services (SW) Limited****Company registration number: 04380305****Directors' report**

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The directors present their report and the audited financial statements of the company for the year ended 31 March 2014.

**Principal activities**

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 South Wales Fire Brigade.

**Results and dividends**

The company's results for the year are set out in the profit and loss account on page 8 showing a profit for the financial year of £203,000 (2013: *profit* £210,000). At 31 March 2014 the company had net assets of £15,000 (2013: *liabilities* £188,000).

No dividends were paid in the current or prior financial years and no final dividend is proposed.

**Review of Business**

Information on the review of business can be found in the Strategic report.

**Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes to price risk, credit risk, liquidity and interest rate cash flow 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 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.

*Price Risk*

The company is exposed to price risk as a result of its operations. This risk is mitigated by specific functions which assess pricing in respect of both selling and procurement activities.

*Credit Risk*

The company has implemented policies that require appropriate credit checks to be performed on potential customers before sales are made. The company also monitors existing company accounts on an on-going 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 agencies.

*Liquidity Risk*

The company has access to longer term funding from its ultimate parent undertaking if required as it is part of the Babcock International Group PLC overdraft facility. The company along with other group undertakings has provided cross guarantees in relation to this facility.

*Interest Rate Cash Flow Risk*

The company has interest bearing assets in the form of cash balances, interest on which is at a variable rate. Intercompany borrowings are at a fixed rate and repayments are made according to an agreed schedule which is used to manage the cash balances to settle interest payments when they fall due. The company also has an interest rate swap to manage the interest rate risk on external borrowings, which are at a variable rate. The fair value of the swap is not recognised in the financial statements.

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**Babcock Fire Services (SW) Limited**

**Company registration number: 04380305**

**Directors' report**

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**Directors of the company**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Graham Leeming  
Franco Martinelli

**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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 these 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.

**Directors' protection**

Under the Articles of Association, the directors of the company are, and were during the year to 31 March 2014, 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.

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**Babcock Fire Services (SW) Limited**

**Company registration number: 04380305**

**Directors' report**

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**Disclosure of information to auditors**

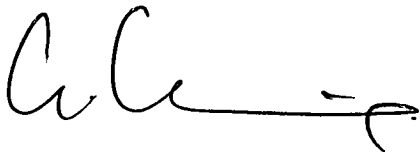
Each of the directors at the date of approval of this report, as shown on this page, confirm the following:

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that 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.

On behalf of the Board on <sup>24</sup>October 2014:

A handwritten signature in black ink, appearing to read 'G Leeming', with a long horizontal stroke extending to the right.

Graham Leeming  
Director

## **Babcock Fire Services (SW) Limited**

**Company registration number: 04380305**

### **Independent auditors' report to the members of Babcock Fire Services (SW) Limited**

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#### **Report on the financial statements**

##### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

##### **What we have audited**

The financial statements, which are prepared by Babcock Fire Services (SW) Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgments, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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**Babcock Fire Services (SW) Limited****Company registration number: 04380305****Independent auditors' report to the members of Babcock Fire Services (SW) Limited**

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**Opinion on other matter prescribed by the Companies Act 2006**

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

**Other matters on which we are required to report by exception****Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**


Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit****Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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 ISAs (UK & 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.



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

24 October 2014

**Babcock Fire Services (SW) Limited****Company registration number: 04380305****Profit and loss account for the year ended 31 March 2014**

	Notes	2014 £000	2013 £000
Turnover	2	1,848	1,885
Cost of sales		<u>(1,324)</u>	<u>(1,298)</u>
Gross profit		524	587
Administrative expenses		<u>(10)</u>	<u>(9)</u>
Operating profit		514	578
Other interest receivable and similar income	4	6	5
Interest payable and similar charges	5	<u>(365)</u>	<u>(378)</u>
Profit on ordinary activities before taxation	6	155	205
Tax on Profit on ordinary activities	7	<u>48</u>	<u>5</u>
Profit for the financial year	14	<u>203</u>	<u>210</u>

The above results all relate to continuing activities.

There are no recognised gains or losses other than the profit (2013: *profit*) for the year reported above and therefore no separate statement of total recognised gains and losses has been presented. There is also no difference between the profit (2013: *profit*) on ordinary activities before taxation and the profit (2013: *profit*) for the financial year stated above, and their historical cost equivalents.



**Babcock Fire Services (SW) Limited**

Company registration number: 04380305

Balance sheet as at 31 March 2014

	Notes	(restated see Note 11) 2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	8	<u>5,086</u>	<u>5,457</u>
<b>Current assets</b>			
Debtors	9	<u>344</u>	<u>321</u>
Cash at bank and in hand	16	<u>1,742</u>	<u>1,429</u>
		<u>2,086</u>	<u>1,750</u>
<b>Creditors – amounts falling due within one year</b>	10	<u>(793)</u>	<u>(668)</u>
<b>Net current assets</b>		<u>1,293</u>	<u>1,082</u>
<b>Total assets less current (liabilities)</b>		<u>6,379</u>	<u>6,539</u>
<b>Creditors – amounts falling due after more than one year</b>	11	<u>(6,014)</u>	<u>(6,329)</u>
<b>Provisions for liabilities</b>	12	<u>(350)</u>	<u>(398)</u>
<b>Net assets/ (liabilities)</b>		<u>15</u>	<u>(188)</u>
<b>Capital and reserves</b>			
Called up share capital	13	<u>50</u>	<u>50</u>
Profit and loss account	14	<u>(35)</u>	<u>(238)</u>
<b>Total shareholder's funds/(deficit)</b>	15	<u>15</u>	<u>(188)</u>

The financial statements on pages 8 to 17 were approved by the board of directors and signed on its behalf by:



Graham Leeming  
Director

24 October 2014

## **1. Accounting policies**

### ***Basis of preparation***

These financial statements are prepared on the 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 principal accounting policies, which have been applied consistently throughout the year, are set out below.

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.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The project was entered into and a full financial model generated to support the company's agreement to provide services which covers inception to the end of the service life and demonstrates that the company will remain a going concern for the duration. The performance of the company has not deviated from this model. The directors have a formal letter of support from Vosper Thornycroft (UK) Limited to confirm that the company and other members of its group will not seek repayment of amounts due for a period of 12 months from the date of approval of these financial statements unless the company generates sufficient cash flow from its operations to meet third party obligations as they fall due. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

### ***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 is recognised according to the signed contractual agreement. It is based on the number of training points used for the use of the facility. If the customer does not use a contractually agreed minimum level of training points, the difference between this minimum and the amount actually used is billed and recognised as deferred revenue. These are only recognised as revenue if they are not used in the following three years, in accordance with schedule 8 of the contract. Amounts which are owed to the company as at the year end are recognised as accrued income.

### ***Leasing***

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

**1. Accounting policies (continued)**

***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Tangible fixed assets are reviewed for impairment where indicators for impairment exist. Where an impairment loss has been identified, it is recorded within accumulated depreciation.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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

Land and buildings - Over the term of the contract to which it relates  
Plant and machinery - 3 – 25 years

***Financial Instruments***

The company uses interest rate swaps to fix any variable interest rates on its long term borrowings. The fair value of the swap is not recognised in the financial statements. Amounts payable or receivable in respect of interest rate swaps are recognised in the profit and loss account on an accruals basis over the life of the instrument.

***Taxation***

The charge for taxation is based on the profit or loss 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 taxation 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. 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.

***Amortisation of debt costs***

Costs incurred to procure debt are amortised over the life of the loan.

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**Babcock Fire Services (SW) Limited****Company registration number: 04380305****Notes to the financial statements (continued)**

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**2. Turnover**

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

**3. Directors remuneration, staff numbers and costs**

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.

There were no employees of the company during the current or prior year.

**4. Other interest receivable and similar income**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Interest on bank deposits	<b>6</b>	<b>5</b>

**5. Interest payable and similar charges**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Interest on bank loans	<b>318</b>	<b>329</b>
Finance charges payable to fellow group undertaking	<b>35</b>	<b>37</b>
Amortisation of debt costs	<b>12</b>	<b>12</b>
	<b>365</b>	<b>378</b>

**6. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Depreciation – owned tangible assets	<b>373</b>	<b>373</b>
Auditors' remuneration:		
Fees payable for the audit	<b>5</b>	<b>4</b>

No fees are paid to PricewaterhouseCoopers LLP, or its associates, 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 the ultimate parent undertaking, Babcock International Group PLC.

**7. Tax on profit on ordinary activities**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Current tax		
UK Corporation tax on profit for the year	-	-
Current tax charge for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	5	13
Adjustment in respect of prior years:	-	(1)
Impact of change in UK tax rate	(53)	(17)
Tax on profit on ordinary activities	<b>(48)</b>	<b>(5)</b>

**Factors affecting the tax charge for the year**

The tax assessed for the year is lower (2013: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2014 of 23% (2013: 24%). The differences are explained below:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>155</b>	<b>205</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 23% (2013: 24%)	<b>36</b>	<b>49</b>
Effects of:		
Timing differences	(5)	(13)
Expenses not deductible for tax purposes	57	60
Group relief for nil consideration	(88)	(96)
Current tax charged for the year	-	-

**Factors affecting future tax charges**

Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 was included in the Finance Act 2013. Further changes to the UK corporation tax system were announced in the March 2013 Budget Statement. These included further reductions to the main corporation rate from 21% to 20% by 1 April 2015. These further changes have been substantively enacted at the balance sheet date and, therefore, the impact is included in these financial statements. As a result of the above all deferred tax balances are restated at 20% at the balance sheet date.

**Babcock Fire Services (SW) Limited**

Company registration number: 04380305

**Notes to the financial statements (continued)****8. Tangible fixed assets**

	Land and buildings £000	Plant and machinery £000	Total £000
<i>Cost</i>			
At 1 April 2013	6,132	2,199	8,331
Additions	-	2	2
<b>At 31 March 2014</b>	<b>6,132</b>	<b>2,201</b>	<b>8,333</b>
<i>Depreciation</i>			
At 1 April 2013	1,815	1,059	2,874
Charge for the year	247	126	373
<b>At 31 March 2014</b>	<b>2,062</b>	<b>1,185</b>	<b>3,247</b>
<i>Net book value</i>			
<b>At 31 March 2014</b>	<b>4,070</b>	<b>1,016</b>	<b>5,086</b>
At 31 March 2013	4,317	1,140	5,457

The assets of the fire training facility will be transferred to the Fire Training Authority at the end of the contract for nil consideration. The land remains the property of the Fire Training Authority, and peppercorn lease payments are required. All assets are wholly owned by Babcock Fire Services (SW) Limited until the end of the contract.

**9. Debtors**

	2014 £000	2013 £000
Other debtors	-	45
Trade debtors	83	-
Prepayments and accrued income	261	276
	<b>344</b>	<b>321</b>

**Babcock Fire Services (SW) Limited****Company registration number: 04380305****Notes to the financial statements (continued)****10. Creditors – amounts falling due within one year**

	<b>2014</b>	(Restated) <b>2013</b>
	<b>£000</b>	<b>£000</b>
Bank loans (secured - see note 11)	<b>263</b>	293
Amounts owed to group undertakings (see note 11)	<b>148</b>	31
Other Creditors	<b>7</b>	-
Corporation Tax	<b>13</b>	13
Accruals and deferred income	<b>362</b>	331
	<b>793</b>	668

**11. Creditors - amounts falling due after more than one year**

	<b>2014</b>	(Restated) <b>2013</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<b>407</b>	429
Bank loans (secured)	<b>5,254</b>	5,520
Deferred income	<b>353</b>	380
	<b>6,014</b>	6,329

Creditors have been re-aged in the comparative year to match the current year presentation. There has been no impact on the comparative net liabilities or comparative net profit compared to the previously presented results. The reason for this is certain deferred income balances have been agreed with the customer to be recognised over the remaining life of the contract which in the prior year were recognised as due within one year. The amounts attributable to accruals and deferred income falling due within one year were previously presented as £711,000 and this has been reduced to £331,000 by reclassifying £380,000 into creditors amounts falling due over more than one year.

The bank loan is secured by Barclays Bank plc via a fixed and floating charge over the shares and assets of Babcock Fire Services (SW) Limited. The loan is also guaranteed in full by Vosper Thornycroft (UK) Limited. The bank loan is repayable by six-monthly capital and interest instalments, bearing interest at a variable rate of Libor plus 0.75%. The company has in place a swap agreement, which fixes the variable rate to 4.745%. At the year end, the fair value of the swap was a liability of £883,135 (2013: £1,403,000). This amount is not recognised in the financial statements. The loan is due to be repaid in full by March 2029 as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
In one year or less	<b>263</b>	293
In more than one year but not more than two years	<b>224</b>	263
In more than two years but not more than five years	<b>546</b>	586
In more than five years	<b>4,484</b>	4,671
	<b>5,517</b>	5,813

**Babcock Fire Services (SW) Limited****Company registration number: 04380305****Notes to the financial statements (continued)**

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The amounts due to group undertakings includes an unsecured loan which is repayable by six-monthly capital and interest instalments, bearing interest at a fixed rate of 8%. The loan is due to be repaid in full by March 2029 as follows:

	<b>2014 £000</b>	<b>2013 £000</b>
- in one year or less	<b>23</b>	26
- in more than one year but not more than two years	<b>19</b>	23
- in more than two years but not more than five years	<b>48</b>	51
- in more than five years	<b>340</b>	355
	<b>430</b>	455

**12. Provisions for liabilities**

	<b>Deferred tax £000</b>
At the beginning of the year	398
Credited to the profit and loss account	(48)
<b>At 31 March 2014</b>	<b>350</b>

The elements of deferred taxation are as follows:

	<b>2014 £000</b>	<b>2013 £000</b>
Accelerated capital allowances	<b>350</b>	398

**13. Called-up share capital**

	<b>2014 £000</b>	<b>2013 £000</b>
<b>Allotted, issued and fully paid</b>		
50,000 (2013: 50,000) ordinary shares of £1 each	<b>50</b>	50

**14. Profit and loss account**

	<b>£000</b>
At 1 April 2013	(238)
Profit for the financial year	203
<b>At 31 March 2014</b>	<b>(35)</b>



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**Babcock Fire Services (SW) Limited****Company registration number: 04380305****Notes to the financial statements (continued)**

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**15. Reconciliation of shareholder's deficit**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Profit for the financial year	<b>203</b>	<b>210</b>
Net increase to shareholder's deficit	<b>203</b>	<b>210</b>
Opening shareholder's deficit	<b>(188)</b>	<b>(398)</b>
<b>Closing shareholder's deficit</b>	<b>15</b>	<b>(188)</b>

**16. Cash at bank and in hand**

Within the cash balance, £339,000 (2013: £337,000) is held in favour of the financiers, pursuant to the Financing agreements and withdrawals may only be made subject to any consent required from the Financiers.

**17. Ultimate parent undertaking**

The company's immediate parent company is Vosper Thornycroft (UK) 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