

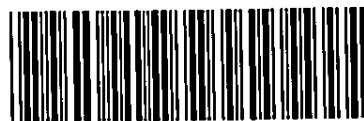
**VT Environmental Services
Limited**

Directors' report and financial
statements

Registered number 6122711

31 March 2009

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VT Environmental Services Limited

Directors' report and financial statements

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VT Environmental Services Limited
Directors' report and financial statements

The directors' report and the business review

The directors present their annual report and the audited financial statements of VT Environmental Services Limited for the year ended 31 March 2009.

Principal activity

The principal activity of the company is the provision of environmental services for waste management and recycling. In addition the company acts as an intermediate holding company.

Business review

The results for the company show a loss before tax of £4,968,000 (2008: £727,000).

Directors

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

C J Cundy	(resigned 15 August 2008)
R D Dustan	(resigned 15 August 2008)
P J Harrison	
P J Lester	(resigned 15 August 2008)
P J McIntosh	(appointed 15 August 2008, resigned 30 July 2009)

Dividends

The directors do not recommend the payment of a dividend (2008: £nil).

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

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

26 January 2010

VT Environmental Services Limited

Directors' report and financial statements

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).

The financial statements are required by law to 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 year.

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 basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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 VT Environmental Services Limited

We have audited the financial statements of VT Environmental Services Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.



KPMG Audit Plc

Independent auditors' report to the members of VT Environmental Services Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

27 January 2010
8 Salisbury Square
London
EC4Y 8BB

VT Environmental Services Limited
Directors' report and financial statements

Profit and loss account
for the year ended 31 March 2009

	Notes	Year ended 31 March 2009 £000	14 months ended 31 March 2008 £000
Administrative expenses		(1,107)	-
Operating loss		(1,107)	-
Interest payable	4	(3,861)	(727)
Loss on ordinary activities before taxation	5	(4,968)	(727)
Tax on loss on ordinary activities	6	1,391	218
Loss for the financial year	12	(3,577)	(509)

The above results for the current year and the prior period, all relate to continuing activities.

There are no recognised gains or losses other than the loss (2008: loss) for the year (2008: period) reported above. There is also no difference between the loss (2008: loss) on ordinary activities before taxation and the loss (2008: loss) for the financial year (2008: period) stated above, and their historical cost equivalents.

VT Environmental Services Limited
Directors' report and financial statements

Balance sheet
at 31 March 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Investments	7	<u>41,136</u>	<u>47,576</u>
Current assets			
Debtors	8	<u>1,771</u>	<u>218</u>
		<u>1,771</u>	<u>218</u>
Creditors: amounts falling due within one year	9	<u>(1,993)</u>	<u>(3,303)</u>
Net current liabilities		<u>(222)</u>	<u>(3,085)</u>
Total assets less current liabilities		40,914	44,491
Creditors: amounts falling due after more than one year	10	<u>(45,000)</u>	<u>(45,000)</u>
Net liabilities		<u>(4,086)</u>	<u>(509)</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	<u>(4,086)</u>	<u>(509)</u>
Shareholders' deficit	13	<u>(4,086)</u>	<u>(509)</u>

These financial statements were approved by the board of directors on 26 January 2010 and were signed on its behalf by:

Philip Harris —

P J Harrison
Director

VT Environmental Services 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 UK generally accepted accounting principles using the historical cost accounting convention. The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

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 trade 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 (see note 15).

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 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. 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.

Valuation of investments

Investments held as fixed assets are stated at cost less provision for impairment in value.

VT Environmental Services Limited
Directors' report and financial statements

Notes (continued)

2 Staff costs

The average number of persons employed by the company (including directors) during the year (2008: *period*) was as follows:

	Number of employees	
	2009	2008
Management	2	-
Administration	1	-
	3	-

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2009 £000	14 Months ended 31 March 2008 £000
Wages and salaries	258	-
Social security costs	61	-
Other pension costs	72	-
	391	-

3 Remuneration of directors

None of the directors received remuneration for their services to the company as the services provided to the company are incidental to their wider role in the group (2008: *£nil*).

4 Interest payable

	Year ended 31 March 2009 £000	14 Months ended 31 March 2008 £000
Interest on bank borrowings	184	-
Interest payable to group undertakings	3,677	727
	3,861	727

VT Environmental Services Limited
Directors' report and financial statements

Notes (continued)

5 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 March 2009 £000	14 Months ended 31 March 2008 £000
Auditors' remuneration - audit fees	10	-
Management charges	510	-
Consultancy fees	60	-

The auditor's remuneration for the prior period was borne by a fellow company. No other fees are paid to KPMG Audit Plc in respect of this company other than the statutory audit of the company. Fees for other services are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, VT Group plc.

6 Taxation

	Year ended 31 March 2009 £000	14 Months ended 31 March 2008 £000
<i>Current tax</i>		
Current tax credit on loss for the year/period	<u>(1,391)</u>	<u>(218)</u>
Tax credit on loss on ordinary activities	<u>(1,391)</u>	<u>(218)</u>

Factors affecting the tax charge for the current year/period

The current tax credit for the year (2008: period) is equal (2008: equal) to the standard rate of corporation tax in the UK of 28% (2008: 30%).

	Year ended 31 March 2009 £000	14 Months ended 31 March 2008 £000
Loss on ordinary activities before tax	<u>(4,968)</u>	<u>(727)</u>
Loss on ordinary activities multiplied by standard rate in UK of 28% (2008: 30%)	<u>(1,391)</u>	<u>(218)</u>
Current tax credit for the year/period	<u>(1,391)</u>	<u>(218)</u>

VT Environmental Services Limited
Directors' report and financial statements

Notes (continued)

7 Investments

	2009	2008
	£000	£000
Cost		
Investment in subsidiary undertakings	<u>41,136</u>	<u>47,576</u>

The company negotiated a revised overall reduction in the purchase consideration of £6,440,000 during the year ended 31 March 2009 which has resulted in an adjustment to the cost of investment in the period.

The company has the following interests in subsidiary undertakings:

Company	Shareholding	Principal activity
VT Nuclear Services Ltd	100%	Technical and engineering consultancy to UK and foreign nuclear industries
VT Environmental Engineering Ltd	100%	Manage waste recycling facilities

8 Debtors

	2009	2008
	£000	£000
Amounts owed by group undertakings	1,704	218
VAT receivable	8	-
Other debtors	59	-
	<u>1,771</u>	<u>218</u>

The prior period has been restated to more appropriately classify balances with group companies arising as a result of the Corporation tax group payment arrangement.

9 Creditors: amounts falling due within one year

	2009	2008
	£000	£000
Bank overdraft	1,845	1,101
Accruals & deferred income	16	-
Amounts owed to group undertakings	132	2,202
	<u>1,993</u>	<u>3,303</u>

VT Environmental Services Limited
Directors' report and financial statements

Notes (continued)

10 Creditors: amounts falling due after more than one year

	2009	2008
	£000	£000
Amounts owed to group undertakings	<u>45,000</u>	<u>45,000</u>

Included in the amounts owed to group undertakings is a £45,000,000 loan (2008: £45,000,000) which bears interest at 8.17% per annum.

11 Called up share capital

	2009	2008
	£	£
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

12 Reserves

	Profit and loss account £000
At beginning of year	(509)
Loss for the year	(3,577)
At end of year	<u>(4,086)</u>

13 Reconciliation of movements in shareholders' deficit

	2009	2008
	£000	£000
Loss on ordinary activities after taxation	<u>(3,577)</u>	<u>(509)</u>
Net increase in shareholders' deficit	(3,577)	(509)
Opening shareholders' deficit	<u>(509)</u>	<u>-</u>
Closing shareholders' deficit	<u>(4,086)</u>	<u>(509)</u>

VT Environmental Services Limited
Directors' report and financial statements

Notes *(continued)*

14 Pension arrangements

The company is 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 latest full actuarial valuation was carried out at 31 March 2008 and was updated for accounting purposes to 2009 by a qualified independent actuary. The pension charge in respect of the defined benefit scheme for the year was £72,000 (2008: £nil). Contributions totalling £5,904 (2008: £nil) were payable to the fund at the year end and are included in creditors.

The net pension liability on the group wide pension scheme at 31 March 2009 was £50,048,000 (2008: £9,425,000). This represents the liability to VT Group plc as a whole and does not represent a liability to the company.

15 Ultimate parent company

The company is a subsidiary undertaking of 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.