Planned Maintenance Engineering Limited

Directors' report and financial statements

Registered number 737307

For the year ended 31 December 2009

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activities

The principal activities of the company continue to be those of facilities management, maintenance, servicing and installation of building services

Review of the business

Turnover showed a small reduction during the year in very difficult trading conditions, however the gross profit margin was maintained

The restructuring project that commenced in 2008 was concluded during the year, establishing a central national support centre based in Manchester

The loss of the company after taxation is £13,960,000 (*2008 loss £11,587,000*)

Dividends and reserves

The directors do not recommend the payment of a dividend *(2008 £Nil)*

The company is a wholly-owned subsidiary of Carillion plc and operates as part of Carillion's Business Services division

Principal risks and uncertainties

The support services market continues to be a highly competitive environment Planned Maintenance Engineering Limited have re-energised their drive to be the leading provider of mechanical and electrical technical services in the UK With a new management team in place and the group's enlarged business after the integration of Alfred McAlpine along with restructure plans firmly underway (commenced November 2008), Planned Maintenance Engineering Limited continue to affirm their position as one of the largest mechanical and technical services business in the UK

The company sells its services into the UK market only Where appropriate, the company manages this risk with long term contracts of three to five year contract terms

The company is financed by group borrowings and its own working capital Interest is charged on a daily basis on group borrowings at a fixed rate of interest of 6 50% It has no third party debt

The group risks to which Planned Maintenance Engineering Limited is exposed are discussed in Carillion's Annual Report which does not form part of this report

Environment

Planned Maintenance Engineering Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities The company operates in accordance with Carillion's policies, as noted in Carillion's Annual Report, which does not form part of this Report Initiatives aimed at minimising the company's impact on the environment include design of buildings, natural resource protection schemes, safe disposal of manufacturing waste, recycling and reducing energy consumption

Directors' report *(continued)*

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements

Communication and consultation within working teams takes place, as appropriate, as part of the normal pattern of each operation

Every employee receives the annual Employee Report which explains the Carillion Group financial performance and includes information on significant activities which are taking place This report is supplemented by a regular publication, "Spectrum", which provides information on activities throughout the Carillion Group

The establishment and maintenance of safe working practices at all work places is of greatest importance to the company and special training in health and safety is provided for all employees

The company is an active and enthusiastic supporter of training schemes of all types and is providing valuable training and experience to a large number of young people, as well as increasing its own training commitment to full-time employees

Charitable donations

During the year the company made charitable donations amounting to £7,594 *(2008 £12,131)*

Equal opportunities

Planned Maintenance Engineering Limited is an equal opportunities employer

It is the policy of the company to give the fullest consideration to the employment needs of all prospective and existing employees To that end, no job applicant or employee receives less favourable treatment than another on grounds of colour, race, nationality, ethnic or national origin, sex, religion or disability where the work content is commensurate with the individual's particular disability

Employees who become disabled are, wherever possible, retrained or provided with equipment so that they can continue their employment

Special attention is given to interviewing, selection, recruitment and training to ensure that there is effective implementation of company policy Promotion is based upon ability, merit and performance taking into account the future needs of the company Where necessary, training is carried out to assist employees to develop potential

All aspects of employment are regularly reviewed by management to ensure this policy is achieved

Directors

The directors who served during the year and to the date of this report are as follows

TD Kenny	(resigned 31 August 2010)
RH Harris	
SP Wickens	
DR Shorrocks	(appointed 25 February 2009)

Payment to suppliers

The company negotiates payment terms with its suppliers when it enters into binding purchase contracts The company seeks to abide by these terms when it is satisfied that the supplier has provided goods or services in accordance with the agreed terms and conditions

The company does not have a standard code which deals specifically with the payment of suppliers

Directors' report *(continued)*

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

Approved by the Board and signed on its behalf by

A Shepley
Company Secretary

24 Birch Street
Wolverhampton
WV1 4HY

31 August 2010

Statement of directors' responsibilities in respect of the directors' report and the 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 judgments 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 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

KPMG Audit Plc
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditors' report to the members of Planned Maintenance Engineering Limited

We have audited the financial statements of Planned Maintenance Engineering Limited for the year ended 31 December 2009 set out on pages 7 to 22 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 auditors' 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 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 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 web-site 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 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter 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 Planned Maintenance Engineering 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

M T Hopton

31 August 2010

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

31 August 2010

Profit and loss account
for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover	*1,2*	**184,434**	195,682
Cost of sales		**(173,587)**	(182,052)
Gross profit		**10,847**	13,630
Administrative expenses before exceptional items		**(27,163)**	(23 009)
Exceptional items	*4*	**-**	(5,770)
Administrative expenses after exceptional items		**(27,163)**	(28 779)
Operating loss	*3*	**(16,316)**	(15,149)
Interest receivable and similar income	*7*	**2,513**	3,395
Interest payable and similar charges	*8*	**(4,902)**	(4,603)
Loss on ordinary activities before taxation		**(18,705)**	(16 357)
Tax on loss on ordinary activities	*9*	**4,745**	4,770
Loss for the financial year	*17*	**(13,960)**	(11,587)

All amounts relate to continuing operations

Balance sheet
at 31 December 2009

	Note	2009 £000	£000	2008 £000	£000
Fixed assets					
Tangible assets	*10*		**1,654**		1,740
Investments	*11*		**100**		100
Pension asset	*21*		**-**		144
			1,754		1,984
Current assets					
Stocks	*12*	**243**		243	
Debtors	*13*	**54,016**		61,431	
Cash at bank and in hand		**8,710**		5,840	
		62,969		67,514	
Creditors amounts falling due within one year	*14*	**(79,230)**		(64,429)	
Net current (liabilities)/assets			**(16,261)**		3,085
Total assets less current liabilities			**(14,507)**		5 069
Provisions for liabilities	*20*		**-**		(4,500)
Pension liability	*21*		**(1,679)**		-
Net (liabilities)/assets			**(16,186)**		569
Capital and reserves					
Called up share capital	*16*		**2,978**		2,978
Share premium	*17*		**3,085**		3,085
Profit and loss account	*17*		**(22,249)**		(5,494)
Equity shareholders' (deficit)/funds	*18*		**(16,186)**		569

These financial statements were approved by the Board of directors on 31 August 2010 and were signed on its behalf by

RH Harris
Director

Company registered number 737307

Statement of total recognised gains and losses
for the year ended 31 December 2009

	Note	**2009**	2008
		£000	£000
Loss for the financial year		**(13,960)**	(11,587)
Actuarial losses on pension scheme	*17*	**(3,882)**	(707)
Deferred tax relating to actuarial losses on pension scheme	*17*	**1,087**	198
Total recognised gains and losses for the year		**(16,755)**	(12,096)

Notes

(forming part of the financial statements)

1 Principal 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 accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £16,186,000, which the directors believe to be appropriate for the following reasons The company is dependent for its working capital on funds provided to it by Carillion plc, the company's ultimate parent undertaking Carillion plc has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to all customers including fellow subsidiary undertakings In respect of long term contracting activities, turnover reflects the value of work executed during the year It also includes the company's proportion of work carried out by joint arrangements during the year

Group financial statements

The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements and deliver them to the Registrar of Companies The financial statements therefore present information about the company as an individual undertaking and not about its group The company is included within the consolidated financial statements of Carillion plc, the company's ultimate parent undertaking

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Carillion plc, the company's ultimate parent undertaking, includes the company's cash flows in its own published consolidated cash flow statement

Pre-contract costs

All costs attributable to obtaining contracts are charged to the profit and loss account as they are incurred

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation has been provided to write down the cost of the fixed assets over their expected useful lives as follows

Freehold property	4%	per annum (straight line)
Improvements to premises	15%	per annum (reducing balance)
Plant, machinery and equipment	15%	per annum (reducing balance)
Computer equipment	25% and 50%	per annum (straight line)
Motor vehicles	20%	per annum (straight line)

Stock

Stock is valued at the lower of cost and net realisable value

Long term contracts

Profit on long term contracts is calculated in accordance with applicable accounting standards In determining the attributable profit on contracts to a particular accounting period the company utilises estimation techniques The principal estimation technique used is the preparation of profit and cash flow forecasts on a contract by contract basis which enables an assessment to be made of the final outturn on each contract Profit is then recognised when the outcome of the contract can be foreseen with reasonable certainty and is attributed in line with the degree of completion of each contract

The result for each year includes settlement of claims on contracts completed in prior years In preparing contract forecasts, a prudent and reasonable evaluation of claims is included in the assessment of the final outturn

Taxation

The charge for taxation is based on the result for each year and takes into account deferred taxation Deferred tax assets or liabilities arise from timing differences between the recognition of gains and losses in the financial statements and the tax computation that have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "Deferred taxation" Deferred tax assets and liabilities are calculated on a non-discounted, full provision basis Assets are calculated on the same basis, but are recognised only to the extent that it is probable that they will be recovered

Leased assets

Assets held under finance leases and hire purchase contracts are included in tangible fixed assets and are depreciated over the shorter of the contract term or their useful life The capital element of outstanding finance leases and hire purchase contracts is included in creditors The finance charge element of rentals is charged to the profit and loss account at a constant periodic rate of charge on the outstanding obligations

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

Investments

Fixed asset investments are stated at cost less provision for impairment

Notes *(continued)*

1 Principal accounting policies *(continued)*

Pensions

Pension obligations are accounted for in accordance with FRS 17 "Retirement benefits"

Employees of the company participate in the Planned Maintenance Engineering Limited pension scheme which provides pensions on a defined benefit basis

The company's contributions to the defined benefit scheme are paid in accordance with the Scheme rules and the recommendation of an independent actuary The charge to the profit and loss account reflects the current service cost of such obligations The expected return on plan assets and the interest cost on scheme liabilities are included within net interest in the profit and loss account

The Scheme provides benefits based on final pensionable pay The assets of the scheme are held separately from those of the company The pension scheme surplus or deficit recognised in the balance sheet represents the excess of the fair value of scheme assets over the present value of scheme liabilities and is stated net of deferred tax

Differences between the actual and expected returns on assets and experience gains and losses arising on the scheme liabilities during the year, together with differences arising from changes in assumptions, are recognised in the statement of total recognised gains and loses in the year

Contributions in respect of defined contribution schemes are charged to the profit and loss account as incurred

2 Turnover

Turnover and profit before taxation are attributable to the company's sole activity which is wholly undertaken in the United Kingdom

3 Operating loss

	2009	2008
	£000	£000
Operating loss on ordinary activities before taxation is stated after charging		
Fees payable in respect of the audit of these financial statements	**41**	60
Depreciation of tangible fixed assets	**491**	440
Hire of plant and machinery under operating leases	**125**	124
Other operating lease rentals	**5,571**	5,568

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the company's ultimate parent, Carillion plc, are required to disclose non-audit fees on a consolidated basis

4 Exceptional items

	2009	2008
	£000	£000
Restructuring costs	-	4,500
Integration costs	-	1,270
	-	5,770

In 2008, integration costs consisted of staff travel and accommodation costs incurred when integrating the Alfred McAlpine business with Planned Maintenance Engineering Limited The restructuring costs were for the re-alignment of the company following integration

Notes *(continued)*

5 Staff numbers and costs

The average number of employees (including directors) of the company during the year was as follows

	Number of employees 2009	2008
Administration and management	**323**	331
Production	**1,800**	1,845
	2,123	2,176

Staff costs including directors' remuneration during the year amounted to

	£000	£000
Wages and salaries	**77,972**	77,593
Social security costs	**7,783**	7,874
Other pension costs (note 21)	**1,842**	453
	87,597	85,920

6 Directors' remuneration

Directors' remuneration for the year amounted to £352,659 *(2008 £470,212)* which includes directors' pension contributions of £30,330 *(2008 £11,667)* paid in respect of money purchase schemes and £Nil *(2008 £63,770)* paid in respect of the defined benefit scheme

During the year, two directors *(2008 two)* participated in the company's defined benefit pension scheme and of these, no director *(2008 one)* additionally participated in the money purchase scheme

The amounts set out above include remuneration in respect of the highest paid director as follows

	2009 £000	2008 £000
Emoluments	**225**	165

During the year, one *(2008 nil)* directors exercised share options or received shares under a long term incentive scheme

The emoluments of TD Kenny are borne by, and disclosed in, the accounts of Carillion plc

7 Interest receivable and similar income

	2009 £000	2008 £000
Expected return on pension scheme assets	**2,513**	3,395

Notes *(continued)*

8 Interest payable and similar charges

	2009 £000	2008 £000
On bank loans and overdraft	-	101
Interest payable on group balances	2,171	1,423
Interest cost on pension scheme liabilities	2,731	3,079
	4,902	4 603

9 Tax on loss on ordinary activities

(a) *Analysis of taxation credit in year*

	2009 £000	2008 £000
UK corporation tax		
Current tax	(5,912)	(6,129)
Adjustments in respect of prior years	761	18
Total current tax	(5,151)	(6,111)
Deferred tax (see note 15)		
Current year	706	1,457
Adjustment in respect of prior years	(300)	(116)
	(4,745)	(4,770)

(b) *Factors affecting the tax credit for the current year*

The current tax credit is lower *(2008 higher)* than the standard rate of corporation tax in the UK of 28% *(2008 28 5%)* The differences are explained below

	2009 £000	2008 £000
Current tax reconciliation		
Loss on ordinary activities before tax	(18,705)	(16,357)
Tax thereon at standard rate of 28% *(2008 28 5%)*	(5,237)	(4 662)
Effects of		
Expenses not deductible for tax purposes	31	43
Depreciation (less than)/ in excess of capital allowances	(28)	111
Other timing differences	(678)	(1,621)
Adjustments in respect of prior periods	761	18
Current tax credit for the year	(5,151)	(6,111)

Notes *(continued)*

9 Tax on loss on ordinary activities *(continued)*

(c) Factors that may affect future current and total tax charges

The company has tax losses of £21,500,000 available to offset future profits No deferred tax asset has been recognised in respect of these losses, due to the lack of certainty regarding quantum and timing of future years' taxable profits

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011 This will reduce the company's future current tax charge and deferred tax asset accordingly

10 Tangible fixed assets

	Freehold property and improvements to premises £000	Plant and machinery £000	Computer equipment £000	Total £000
Cost				
At beginning of year	1,393	1,900	1,077	4,370
Additions	-	14	391	405
At end of year	1,393	1,914	1,468	4,775
Depreciation				
At beginning of year	859	1,438	333	2,630
Charge for the year	94	74	323	491
At end of year	953	1,512	656	3,121
Net book value				
At 31 December 2009	**440**	**402**	**812**	**1,654**
At 31 December 2008	534	462	744	1,740

Notes *(continued)*

11 Investments

	2009 £000	2008 £000
Shares in subsidiary undertakings	**100**	100

At 31 December 2009, the subsidiary undertakings were as follows

	Ordinary share capital held	Nature of business	Country of incorporation
Building Environmental Hygiene Limited	100%	Building Hygiene Services	England and Wales
Planned Maintenance Mobile Services Limited	100%	Dormant	England and Wales
Planned Maintenance Regional Services Limited	100%	Dormant	England and Wales
Planned Maintenance Special Services Limited	100%	Dormant	England and Wales
Planned Maintenance Facilities Limited	100%	Dormant	England and Wales
Planned Maintenance Operations Support Limited	100%	Dormant	England and Wales
PME Facilities Management Limited	100%	Dormant	England and Wales
Contract Facilities Management Limited	100%	Dormant	England and Wales
Planned Maintenance Limited	100%	Dormant	England and Wales

12 Stocks

	2009 £000	2008 £000
Raw materials and consumables	**243**	243

13 Debtors

	2009 £000	2008 £000
Trade debtors	**18,452**	23,836
Amounts recoverable on long term contracts	**15,930**	11,303
Amounts due from group undertakings	**4,193**	15,156
Corporation tax – group relief	**11,277**	6,130
Deferred taxation (note 15)	**162**	190
Other debtors	**2,534**	3,852
Prepayments	**1,468**	964
	54,016	61,431

14 Creditors Amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**13,407**	19,716
Amounts due to group undertakings	**56,731**	34,126
Other creditors	**199**	235
Other taxes and social security	**4,159**	5 215
Accruals	**4,734**	5,137
	79,230	64,429

Notes *(continued)*

15 Deferred taxation

	2009 £000	2008 £000
At 1 January - asset	**134**	1 277
Transfer from profit and loss account	**(406)**	(1,341)
Recognised directly in equity	**1,087**	198
At 31 December – asset	**815**	134
Netted against pension (liability)/asset (see note 21)	**(653)**	56
Included within debtors (see note 13)	**162**	190
Accelerated capital allowances	**162**	190
Timing differences on pension liabilities	**653**	(56)
	815	134

The recoverability of the deferred tax asset is dependent on future taxable profits in excess of those arising from the reversal of deferred tax liabilities

16 Share capital

	2009 £000	2008 £000
Authorised		
5,000,000 ordinary shares of £1 each	**5,000**	5,000
Allotted, called up and fully paid		
2,977 869 ordinary shares of £1 each	**2,978**	2,978

17 Movement on reserves

	Share premium account £000	Profit and loss account £000	Total £000
At beginning of year	3,085	(5,494)	(2,409)
Loss for the financial year	-	(13,960)	(13,960)
Actuarial loss on pension scheme	-	(3,882)	(3,882)
Deferred tax on actuarial loss on pension scheme	-	1,087	1,087
At end of year	**3,085**	**(22,249)**	**(19,164)**

Notes *(continued)*

18 Reconciliation of movements in equity shareholders' funds

	2009 £000	2008 £000
Loss for the financial year	**(13,960)**	(11,587)
Actuarial loss on pension scheme	**(3,882)**	(707)
Deferred tax on actuarial loss on pension scheme	**1,087**	198
Net decrease in equity shareholders' funds	**(16,755)**	(12,096)
Equity shareholders' fund at beginning of year	**569**	12,665
Equity shareholders' (deficit)/funds at end of year	**(16,186)**	569

19 Capital commitments

The company had capital commitments of £Nil *(2008 £Nil)* contracted for but not provided in these financial statements

20 Provisions for liabilities

	Restructuring provision £000
At beginning of year	4,500
Utilised during the year	(4,500)
At end of year	-

The restructuring provision is explained further in note 4

21 Pensions

Defined benefit pension scheme

The PME Staff Pension Scheme is a defined benefit scheme and is closed to new entrants Existing members will no longer accrue benefits for future service with effect from 5 April 2009

The information disclosed below is in respect of the whole of the plans for which the company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods show

	2009 £000	2008 £000
Present value of funded defined benefit obligations	**(51,099)**	(44,457)
Fair value of plan assets	**48,767**	45,989
(Deficit)/surplus	**(2,332)**	1,532
Effect of asset ceiling restriction	**-**	(1,332)
	(2,332)	200
Related deferred tax asset/(liability) (see note 15)	**653**	(56)
Net (liability)/asset	**(1,679)**	144

Notes *(continued)*

21 Pensions *(continued)*

Movements in present value of defined benefit obligations

	2009 £000	2008 £000
At beginning of year	**(44,457)**	(54,908)
Current service cost	**(189)**	(1,202)
Interest cost	**(2,731)**	(3,079)
Curtailment	**-**	1,556
Actuarial (loss)/gains	**(6,398)**	12,136
Contributions by members	**(171)**	(568)
Benefits paid	**2,847**	1,608
At end of year	**(51,099)**	(44,457)

Movements in fair value of plan assets

	2009 £000	2008 £000
At beginning of year	**45,989**	52,721
Expected return on plan assets	**2,513**	3,395
Actuarial gain/(loss)	**1,235**	(11,511)
Contributions by employer	**1,706**	2,483
Contributions by members	**171**	509
Benefits paid	**(2,847)**	(1,608)
At end of year	**48,767**	45,989

(Expense)/income recognised in the profit and loss account

	2009 £000	2008 £000
Current service cost	**(189)**	(1,202)
Gain on curtailment	**-**	1,556
Interest cost	**(2,731)**	(3,079)
Expected return on plan assets	**2,513**	3,395
	(407)	670

Notes *(continued)*

21 Pensions *(continued)*

The expense is recognised in the following line items in the profit and loss account

	2009 £000	2008 £000
Administrative (expenses)/income	**(189)**	354
Other interest receivable and similar income	**2,513**	3,395
Interest payable and similar charges	**(2,731)**	(3,079)
	(407)	670

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £3,882,000 *(2008 £707,000)*

Cumulative actuarial losses reported in the statement of total recognised gains and losses recognised since 1 January 2004 are £13,961,000 *(2008 £10,079,000)*

	2009 Fair value £000	2008 Fair value £000
Equities	**21,889**	16,167
Government debt	**18,215**	21,869
Corporate bonds	**8,562**	7,692
Other	**101**	261
	48,767	45,989
Actual return on plan assets	**3,748**	(8,116)

The market values of the schemes' assets, which are not intended to be realised in the short term, may be subject to significant change before they are realised The present values of the schemes' liabilities are calculated by reference to the investment return on Grade AA corporate bonds The assumptions used do not necessarily represent the investment return that may be achieved

The weighted average of the principal assumptions used by the independent qualified actuaries are -

	2009 %	2008 %
Discount rate	**5 80**	6 30
Expected rate of return on plan assets	**5 62**	6 46
Expected return on plan assets at beginning of the period	**6 46**	5 70
Rate of increase in salaries	**-**	3 80
Inflation rate	**3 40**	2 80
Rate of increase in pensions	**3 40**	2 80

Notes *(continued)*

21 Pensions *(continued)*

The fair value of the plan assets and the return on those assets were as follows

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows

Current pensioner aged 65 22 years (male), 25 years (female)

Future retiree upon reaching 65 23 years (male), 26 years (female) #

History of plans

The history of the plans for the current and prior periods is as follows

Balance sheet

	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Present value of scheme liabilities	**(51,099)**	(44,457)	(54,908)	(52,250)	(50,872)
Fair value of scheme assets	**48,767**	45,989	52,721	49,663	46,547
(Deficit)/surplus	**(2,332)**	1,532	(2,187)	(2,587)	(4,325)

Experience adjustments

	2009	2008	2007	2006	2005
	£000/%	£000/%	£000/%	£000/%	£000/%
Experience adjustments on scheme liabilities/as a percentage of scheme liabilities	**(3,862)/(7)**	(1,028)/2 3	(2,614)/4 8	(204)/0 4	(782)/1 5
Experience adjustments on scheme Assets/as a percentage of scheme assets	**1,235/3**	(11,511)/25 0	(1,111)/2 1	98/0 2	4,688/10 1

The company expects to contribute approximately £1,250,000 to its defined benefit plans in the next financial year

The company is also a member of a larger group pension scheme, the Mowlem Staff Pension and Life Assurance Scheme, providing benefits based on final pensionable pay Because 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 December 2006 and was updated for FRS 17 purposes to 31 December 2008 by a qualified actuary The deficit in the scheme at 31 December 2009 was £88,771,000 *(2008 £37,900,000)* The contribution for the year was £629 *(2008 £7,456)* Existing members no longer accrue benefits for future service with effect from 5 April 2009

Defined contribution pension scheme

The company is a member of a number of defined contribution pension schemes The pension cost charge for the period represents contributions payable by the Company to the schemes and amounted to £1,653,000 *(2008 £830,057)*

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

Notes *(continued)*

22 Financial commitments

At 31 December 2009, the company had annual commitments under non-cancellable operating leases as follows

	2009 Land and buildings £000	Plant and vehicles £000	2008 Land and buildings £000	Plant and vehicles £000
Expiry date				
In one year or less	98	6	77	-
Between one and five years	313	2,179	339	1,828
	411	2,185	416	1,828

23 Transactions with directors and other related parties

As a wholly owned subsidiary of Carillion plc by virtue of its 100% shareholding in Planned Maintenance Group Limited, the company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the Carillion plc group Note 24 gives details of how to obtain a copy of the published financial statements of Carillion plc

24 Parent undertaking

At the balance sheet date the company's ultimate parent undertaking was Carillion plc

The results of Planned Maintenance Engineering Limited are consolidated into the group financial statements of Carillion plc

Copies of the Carillion plc financial statements can be obtained from Carillion plc, 24 Birch Street, Wolverhampton WV1 4HY or by access onto the Carillion plc website, www carillionplc com