

Carillion Swindon Limited
(formerly Tarmac Swindon Limited)

Directors' report and financial statements

Year ended 31 December 1999
Registered number 2294384



Directors' report and financial statements

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Directors' report

Following the demerger of Tarmac Construction Services from Tarmac plc on 29 July 1999, Tarmac Swindon Limited changed its name to Carillion Swindon Limited with effect from 4 August 1999.

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

Principal activities

The company is principally engaged in the retention of land and property for development purposes.

Business review and future developments

The company's turnover during the year was £4,122,283 (1998: £2,586,775) and its profit before tax was £1,333,002 (1998: loss £2,423).

The directors anticipate that the company will continue to perform its present role within the Carillion Group during 2000.

Demerger from Tarmac

On 29 July 1999 Tarmac Construction Services was demerged from Tarmac plc. This resulted in the listing of Carillion plc on the London Stock Exchange on 30 July 1999.

European Economic and Monetary Union

The Group recognises the importance of the Euro, particularly for its businesses operating in France and Ireland which introduced the Euro on 1 January 1999. The introduction of the Euro has had little impact on the Group's internal systems and procedures. The related financial costs are not material to the Group.

Proposed dividend

The directors do not propose the payment of a dividend (1998: £Nil).

Directors and directors' interests

The directors serving during the year were:

GA Cooper
BJ Sharples
SP Eastwood
B Pellard (resigned 1 July 1999)

No director had any interest in the share or loan capital of the company or subsidiary of Carillion plc during the year.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The directors who held office at the end of the financial year and their families, other than those whose interests are disclosed in the financial statements of the immediate or ultimate holding company, had the following interests in, and options to subscribe for, ordinary shares of 50p each in Carillion plc, and Tarmac plc up to the date of demerger at which date all Tarmac plc share options lapsed:

	At 31 December 1999		At 1 January 1999		Share option movements in year		
	Shares	Share options	Shares	Share options	Granted	Exercised	Lapsed
	Number	Number	Number	Number	Number	Number	Number
GA Cooper							
Carillion plc	6,943	-	n/a	n/a	-	-	-
Tarmac plc	n/a	n/a	24,766	117,684	-	52,758	19,051
SP Eastwood							
Carillion plc	17,104	55,835	n/a	n/a	55,835	-	-
Tarmac plc	n/a	n/a	9,245	110,454	-	103,580	6,874

Year 2000

The Group undertook a comprehensive internal programme to ensure that all computer dependant systems continued to operate with the Y2K date change. Initial indications are that no major systems problems arose and that the Group's operations were unaffected as a result. Although the risk of problems now arising is low, vigilance is maintained and processes and procedures are in place to detect and rectify quickly any issues which may arise. The Group estimates that the total cost of modifying hardware and systems was approximately £3.6 million of which just over £1million was incurred in 1999.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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.

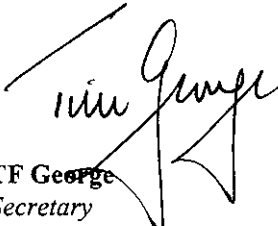
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' report *(continued)*

Auditors

A resolution will be proposed for the re-appointment of KPMG Audit Plc as auditor of the company at the forthcoming annual general meeting.

Approved by order of the Board of directors and signed on its behalf by:


TF George
Secretary

Birch Street
Wolverhampton
WV1 4HY

14 March 2000



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Report of the auditors to the members of Carillion Swindon Limited

We have audited the financial statements on pages 5 to 9.

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. 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 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

14 March 2000

Profit and loss account
for the year ended 31 December 1999

	<i>Note</i>	1999 £	1998 £
Turnover	2	4,122,283	2,586,775
Cost of sales		(2,772,283)	(2,586,775)
		<hr/>	<hr/>
Gross profit		1,350,000	-
Administrative expenses		(16,998)	(2,423)
		<hr/>	<hr/>
Operating profit/(loss) on ordinary activities before taxation	4	1,333,002	(2,423)
Tax on operating profit/(loss)	5	(405,500)	751
		<hr/>	<hr/>
Profit/(loss) for the financial year		927,502	(1,672)
Retained losses brought forward		(1,206,318)	(1,204,646)
		<hr/>	<hr/>
Retained losses carried forward		(278,816)	(1,206,318)
		<hr/> <hr/>	<hr/> <hr/>

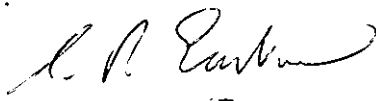
The above results are all derived from continuing operations.

The company has no recognised gains and losses in either the current or preceding year other than those disclosed in the profit and loss account.

Balance sheet
at 31 December 1999

	<i>Note</i>	1999 £	1998 £
Current assets			
Stocks	6	2,523,356	4,991,051
Debtors	7	40,617	15,751
		<u>2,563,973</u>	<u>5,006,802</u>
Creditors: Amounts falling due within one year	8	<u>(2,842,787)</u>	<u>(6,213,118)</u>
Net liabilities		<u>(278,814)</u>	<u>(1,206,316)</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		<u>(278,816)</u>	<u>(1,206,318)</u>
Equity shareholders' funds	10	<u>(278,814)</u>	<u>(1,206,316)</u>

These financial statements were approved by the Board of directors on 14 March 2000 and were signed on its behalf by:



SP Eastwood
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards, under the historical cost accounting rules and on a going concern basis. The going concern basis assumes that the company will continue to trade, since Carillion Construction Limited has indicated that it will provide or procure such funds as are necessary to enable the company to continue its development activities for a period of at least twelve months and enable the company to pay its debts on this basis. The directors consider it appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking Carillion plc includes the company's cash flows in its own published consolidated cash flow statement.

Work in progress

Development work in progress is stated at the lower of cost and net realisable value. Cost includes appropriate overheads.

Deferred taxation

Deferred taxation, calculated using the liability method, is included only where the effects of timing differences between results as stated in the accounts and as computed for taxation purposes are likely to crystallise in the foreseeable future.

2 Turnover

Turnover represents the sale of completed projects net of VAT and is all derived from UK operations.

3 Directors' emoluments

The directors who are the only employees of the company have neither received nor waived any emoluments during the year (1998: £Nil).

4 Operating profit/(loss) on ordinary activities before taxation

	1999	1998
	£	£
Operating profit/(loss) on ordinary activities before taxation is stated after charging		
Auditors' remuneration	2,415	2,340
	<hr/>	<hr/>

Notes (continued)

5 Tax on operating profit/(loss)

	1999 £	1998 £
Group relief receivable	-	(751)
Corporation tax at 30.25% (1998: 31%)	405,500	-
	<u>405,500</u>	<u>(751)</u>

6 Stocks

	1999 £	1998 £
Development work in progress	2,523,356	4,991,051
	<u>2,523,356</u>	<u>4,991,051</u>

7 Debtors

	1999 £	1998 £
Amounts owed by group undertakings	-	14,084
Other debtors	40,617	1,667
	<u>40,617</u>	<u>15,751</u>

Other debtors includes an amount of £Nil (1998: £1,667) in respect of group relief receivable.

8 Creditors: Amounts falling due within one year

	1999 £	1998 £
Trade creditors	5,812	-
Amounts owed to group undertakings	2,429,060	5,496,476
Corporation tax	405,500	396,000
Other creditors	-	311,122
Accruals and deferred income	2,415	9,520
	<u>2,842,787</u>	<u>6,213,118</u>

Notes (continued)

9 Share capital

	1999 £	1998 £
<i>Authorised:</i>		
1,000 ordinary shares £1 each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

10 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit/(loss) for the financial year	927,502	(1,672)
Shareholders' funds at beginning of year	(1,206,316)	(1,204,644)
	<u> </u>	<u> </u>
Shareholders' funds at end of year	(278,814)	(1,206,316)
	<u> </u>	<u> </u>

11 Related party disclosures

As a wholly owned subsidiary of Carillion plc 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 12 gives details of how to obtain a copy of the published financial statements of Carillion plc.

12 Controlling and parent companies

The company's immediate and ultimate controlling company is Carillion plc, registered in England and Wales.

Copies of the group financial statements for Carillion plc are available from 24 Birch Street, Wolverhampton, WV1 4HY.