

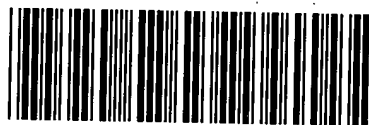
Postworth Limited (Trading as "SkyBlue")

Annual report and financial statements

Registered number 02508579

For the year ended 31 December 2015

THURSDAY



A5GK1OLV

A41

29/09/2016

#227

COMPANIES HOUSE

Contents

Strategic report	3
Directors' report	4
Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements	5
Independent auditor's report to the members of Postworth Limited	6
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes	10

Strategic report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2015.

Principal activities

The company is a wholly-owned subsidiary of Carillion plc. The company's principal activity is the supply of contract operatives to the construction and rail industries. There have not been any significant changes in the company's principal activities in the year under review. The directors are not, at the date of this report, aware of any likely major changes in the company's activities in the next year.

Business review

As shown in the company's profit and loss account on page 7, the company's turnover has increased by 43% over the prior year, following a change to a direct delivery model by the company's client on certain of its contracts. Strong cost management and efficiencies enabled the company to reduce its operating loss in the prior year to an operating profit of £431,000 (2014: loss £2,642,000). The company's prospects in its key construction and rail industry markets remain strong as activity in these areas continues to increase.

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

Carillion manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Key performance indicators

In order to build on the substantial progress made in 2015, we have set the following key objectives for 2016:

- to develop and attract excellent people to create a vibrant, diverse and flexible workforce
- to be a recognised leader in Health & Safety and in Sustainability
- to improve customer satisfaction
- to reduce costs and improve efficiency to support margins
- to deliver cash-backed profit

Principal risks

The principal risks facing the business, and the controls in place to mitigate these, are as follows:

• the ability to win new contracts consistent with our target margins in markets that are competitive. In response, the company continually seeks to differentiate its offering by reviewing its competitive strategy and target markets, listens to customers in order to develop services that meet their needs and focus on efficiency and cost reduction to remain competitive.

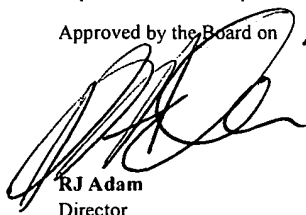
• attracting and retaining skilled people in order to attract, develop and retain excellent people and become an employer of choice. Carillion has a wide range of policies and programmes in place. Further details are given in Carillion's Annual Report which does not form part of this report.

• health and safety performance - Carillion has a clear aim to reduce accidents to zero by taking a zero-tolerance approach to Health and Safety risks at work. The company's safety record is reviewed every month by the Senior Management Team and all branch managers are required to undertake periodic Safety Tours.

Approved by the Board on

23 September 2016

and signed on its behalf by:



RJ Adam
Director

84 Salop Street
Wolverhampton
WV3 0SR

Directors' report

Directors

The directors serving during the year and subsequently were:

RJ Adam
LJ Mills
NP Taylor
A Hayward

Equal opportunities

The company 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. Carillion continually strives to eliminate all bias and unlawful discrimination in relation to job applicants, employees, business partners and members of the public. Full consideration is given to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position and wherever possible to re-train employees who become disabled, so that they can continue in their employment in another position.

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 their full potential. All aspects of employment are regularly reviewed by management to ensure this policy is achieved.

Dividends

The directors did not propose or pay a dividend for the year (2014: £nil).

Political donations

The company made political donations of £nil during the year (2014: £nil).

Disclosure of information to the auditor

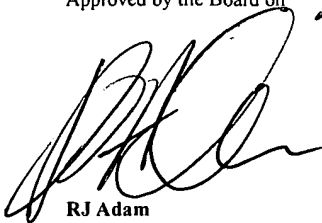
The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves 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 auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 23 September 2016

and signed on its behalf by:



RJ Adam
Director

84 Salop Street
Wolverhampton
WV3 0SR

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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 LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Postworth Limited

We have audited the financial statements of Postworth Limited for the year ended 31 December 2015 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.


Peter Meehan
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

23 September

2016

Profit and loss account
for the year ended 31 December 2015

		2015 £000	2014 £000
Turnover	<i>Note 1</i>	25,336	17,773
Cost of sales		<u>(21,258)</u>	<u>(17,489)</u>
Gross profit		4,078	284
Administrative expenses		<u>(3,647)</u>	<u>(2,926)</u>
Operating profit/(loss)		431	(2,642)
Interest receivable and similar income	6	423	11
Interest payable and similar charges	7	<u>(2,492)</u>	<u>(1,492)</u>
Loss on ordinary activities before taxation	2	(1,638)	(4,123)
Tax on loss on ordinary activities	8	<u>(46)</u>	<u>130</u>
Loss for the financial year		<u>(1,684)</u>	<u>(3,993)</u>

All amounts relate to continuing operations.

There is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year.

There were no recognised gains or losses in either the current or preceding financial year other than the profit or loss for those years.

The notes on pages 10 to 15 form part of these financial statements.

Balance sheet
at 31 December 2015

	Note	£000	2015 £000	2014 £000
Fixed assets				
Intangible assets	9		-	-
Tangible assets	10		-	-
			<u>-</u>	<u>-</u>
Current assets				
Stocks	11	-	-	144
Debtors	12	41,333	-	15,883
Cash at bank and in hand		3,693	-	1,209
		<u>45,026</u>	<u>-</u>	<u>17,236</u>
Creditors: amounts falling due within one year	13	(88,382)	-	(58,908)
Net current liabilities, being total assets less current liabilities			<u>(43,356)</u>	<u>(41,672)</u>
Net liabilities			<u>(43,356)</u>	<u>(41,672)</u>
Capital and reserves				
Called up share capital	15	-	-	-
Profit and loss account		(43,356)	-	(41,672)
Equity shareholder's deficit			<u>(43,356)</u>	<u>(41,672)</u>

The notes on pages 10 to 14 form part of these financial statements.

These financial statements were approved by the Board of Directors on 23 September 2016 and were signed on its behalf by:



RJ Adam
Director

Company registered number 02508579

Statement of changes in equity
for the year ended 31 December 2015

	Called up share capital £000	Profit and loss account £000	Total £000
Balance at 1 January 2014	-	(37,679)	(37,679)
Loss for the year	-	(3,993)	(3,993)
Balance at 31 December 2014	<u>-</u>	<u>(41,672)</u>	<u>(41,672)</u>
Loss for the year	-	(1,684)	(1,684)
Balance at 31 December 2015	<u>-</u>	<u>(43,356)</u>	<u>(43,356)</u>

Postworth Limited (Trading as "SkyBlue")

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 information.

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The transition to FRS101 has not had an impact on the result for the year or net liabilities.

In these financial statements, the company has applied the exemptions under FRS101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effect of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- disclosures in respect of compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Carillion plc include the equivalent disclosures, the company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS7 Financial Instrument disclosures.

The financial statements are presented in pounds sterling. They are prepared on the historical cost basis except where specified certain assets and liabilities are stated at their fair value noted below.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic report.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £43.4 million, 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.

The company participates in the Carillion plc group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent Carillion plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Carillion group to continue as a going concern or its ability to continue with the current banking arrangements. 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.

Tangible fixed assets

Depreciation is based on historical cost or revaluation, less the estimated residual values, and the estimated economic lives of the assets concerned. Freehold land is not depreciated. Other tangible assets are depreciated in equal annual instalments over the period of their estimated economic lives, which are principally as follows:

Freehold buildings	40-50 years
Leasehold buildings and improvements	Period of lease
Plant, machinery and vehicles	3-10 years

Assets held under finance leases are depreciated over the shorter of the term of the lease or the expected useful life of the asset.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value.

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to all customers including fellow subsidiary undertakings. Turnover reflects the value of work performed during the year.

Leased assets

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Any lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Taxation

Income tax comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes (continued)

2. Loss on ordinary activities before taxation

	2015 £000	2014 £000
Loss on ordinary activities before taxation is stated after charging;		
Depreciation of tangible fixed assets:		
-Owned	-	5
Operating lease rentals:		
-Plant and machinery	-	11

The audit fee for the year ended 31 December 2015 amounting to £7,200 (2014: £7,200) was borne by Carillion Construction Limited, a fellow group subsidiary.

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

3. Staff numbers and costs

The company had no employees in either period. Staff are employed by Carillion Construction Limited but their costs are borne by Postworth Limited.

4. Segmental analysis

The company operates within one segment only, being the supply of contract operatives to the construction industry and as such no analysis by activity has been provided.

The company's markets are all in the United Kingdom and as such no segmental analysis by origin or destination has been provided.

5. Directors' remuneration

The directors have neither received nor waived any remuneration during the year (2014: £nil) for their services to this company. The directors are directors or employees of Carillion Construction Limited and are remunerated from that company.

6. Interest receivable and similar income

	2015 £000	2014 £000
Interest receivable from group undertakings	423	-
Bank interest receivable	-	11
	<u>423</u>	<u>11</u>

7. Interest payable and similar charges

	2015 £000	2014 £000
Interest payable to group undertakings	<u>2,492</u>	<u>1,492</u>

Notes (continued)

8. Tax on loss on ordinary activities

(a) Analysis of taxation charge/(credit) in the year

	2015 £000	2014 £000
UK corporation tax		
Current tax	(106)	(148)
Adjustment in respect of prior periods	147	13
Total current taxation	41	(135)
Deferred taxation		
Accelerated capital allowances	5	5
Total deferred taxation	5	5
Total taxation on loss on ordinary activities	46	(130)

(b) Factors affecting the tax charge/(credit) for the current year

The total tax charge/(credit) for the year is higher (2014: lower) than the standard rate of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £000	2014 £000
Total tax reconciliation		
Loss on ordinary activities before taxation	(1,638)	(4,123)
Tax on loss on ordinary activities at 20.25% (2014: 21.5%)	(332)	(886)
Effects of:		
Permanent differences	231	743
Adjustment in respect of previous periods	147	13
Total charge/(credit) for the year	46	(130)

(c) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2015 has been calculated based on the rate in the period in which it is expected to unwind.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

9. Intangible assets

	Software and licences £000
Cost	
At beginning and end of year	<u>115</u>
Amortisation	
At beginning and end of year	<u>(115)</u>
Net book value	
At 31 December 2015	<u>-</u>
At 1 January 2015	<u>-</u>

10. Tangible fixed assets

	Land and buildings £000	Plant, machinery and vehicles £000	Total £000
Cost			
At beginning and end of year	<u>193</u>	<u>168</u>	<u>361</u>
Depreciation			
At beginning and end of year	<u>193</u>	<u>168</u>	<u>361</u>
Net book value			
At 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>
At 1 January 2015	<u>-</u>	<u>-</u>	<u>-</u>

11. Stocks

	2015 £000	2014 £000
Raw materials and consumables	<u>-</u>	<u>144</u>

12. Debtors

	2015 £000	2014 £000
Trade debtors	125	227
Amounts owed by group undertakings	40,524	15,194
Corporation tax - group relief	106	148
Other debtors	-	25
Prepayments and accrued income	554	260
Deferred tax asset (note 14)	24	29
	<u>41,333</u>	<u>15,883</u>

Amounts owed by fellow group undertakings attract interest at a rate which reflects the cost of borrowing to the group.

Notes (continued)

13. Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	5	11
Amounts owed to group undertakings	84,046	56,667
Other tax and social security costs	990	874
Other creditors	10	57
Accruals and deferred income	3,331	1,299
	88,382	58,908

Amounts owed to fellow group undertakings bear interest at a rate which reflects the cost of borrowing to the group.

14. Deferred taxation

	£000
At the beginning of the year	29
Transfer to profit and loss account	(5)
At the end of the year	24

The elements of deferred taxation are as follows:

	2015	2014
	£000	£000
Accelerated capital allowances	24	29

15. Commitments under operating leases

Commitments under non-cancellable operating leases are as follows:

	Plant and machinery	
	2015	2014
	£000	£000
Operating leases which expire:		
Within one year	-	8
In the second to fifth year inclusive	-	-
	-	8

16. Called up share capital

	2015	2014
	£	£
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2

17. Controlling and parent companies

The company's controlling company is Carillion plc, its ultimate parent company, which is incorporated in Great Britain and registered in England and Wales.

Copies of the group financial statements of Carillion plc are available from 84 Salop Street, Wolverhampton, WV3 0SR.