

Postworth Limited
(Trading as “SkyBlue”)

**Directors’ report and financial
statements**

Registered number 2508579

Year ended 31 December 2003



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activity and business review

The company is principally engaged in the supply of contract operatives to the construction industry.

The directors anticipate that the company will continue to perform its present role within the Carillion Group in the next financial year.

Profits and dividends

The profit before taxation was £3,757,010 (2002: £3,230,040).

The directors proposed and paid a dividend for the year of £3,610,000 (2002: £1,696,000).

Directors and directors' interests

The directors serving during the year and subsequently were:

C Trussler	(resigned 14 February 2003)
KJ Gough	(resigned 6 January 2004)
RW Robinson	
C Girling	(appointed 6 January 2004)
L Mills	(appointed 6 January 2004)

Other than Mr Roger Robinson, Mr C Girling and Mr L Mills, whose interests are disclosed in the financial statements of the ultimate holding company, the directors who held office at the end of the financial year and their families, had the following interests in, and options to subscribe for, ordinary shares of 50p each in Carillion plc:

Number of shares

	At 31 December 2003		At 1 January 2003		Share option movements in year		
	Fully paid	Share options	Fully paid	Share options	granted	exercised	lapsed
KJ Gough	5,836	-	5,836	-	-	-	-

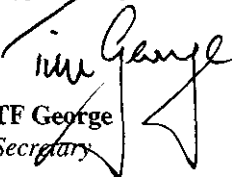
No director had any beneficial interest in the share or loan capital of any subsidiary of Carillion plc.

No director was materially interested during the year in any contract which was significant in relation to the business of the company.

Auditor

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of KPMG Audit Plc as auditors of the company will be proposed at the Annual General Meeting.

Approved by the Board on 10 March 2004 and signed on its behalf by:


TF George
Secretary

Birch Street
Wolverhampton
WV1 4HY

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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; and
- prepare the financial statements on a 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.



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Postworth Limited

We have audited the financial statements on pages 4 to 9.

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 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

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 1985. 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985

KPMG Audit Plc
Chartered Accountants
Registered Auditor

10 March 2004

Profit and loss account
for the year ended 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Turnover	<i>1</i>	53,660	59,689
Cost of sales		(47,254)	(53,058)
		<hr/>	<hr/>
Gross profit		6,406	6,631
Administrative expenses		(2,726)	(3,453)
		<hr/>	<hr/>
Operating profit		3,680	3,178
Interest receivable from group undertakings		77	52
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2</i>	3,757	3,230
Taxation on profit on ordinary activities	<i>4</i>	(1,018)	(1,085)
		<hr/>	<hr/>
Profit for the financial year		2,739	2,145
Dividend proposed		(3,610)	(1,696)
		<hr/>	<hr/>
Retained profit for the financial year		(871)	449
Retained profit brought forward		2,069	1,620
		<hr/>	<hr/>
Retained profit carried forward		1,198	2,069
		<hr/>	<hr/>

There is no difference between the result 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 and losses in either the current or preceding financial year other than the profit or loss for those years. All amounts relate to continuing operations.

Balance sheet
at 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Current assets			
Debtors	5	9,736	17,842
Creditors: amounts falling due within one year	6	(8,538)	(15,773)
Net current assets and net assets		1,198	2,069
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account		1,198	2,069
Equity shareholders' funds	9	1,198	2,069

These financial statements were approved by the board of directors on 10 March 2004 and were signed on its behalf by:


L Mills
Director

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

These financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Turnover

Turnover represents the value of work carried out for customers in the United Kingdom, exclusive of value added tax.

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 Carillion plc, the company's ultimate parent undertaking, includes the company's cash flows in its own published consolidated cash flow statement.

Taxation

The charge for taxation is based on the result for each year and takes into account deferred taxation, calculated in accordance with the requirements of FRS19 "Deferred taxation". Deferred tax assets or liabilities are calculated on a non-discounted full provision basis in respect of timing differences that are expected to reverse in future years. This policy reflects a change from previous years where deferred tax assets or liabilities were only recognised to the extent that timing differences were expected to reverse in the foreseeable future.

Leased assets

Operating lease rental charges are charged to the profit and loss account on a straight line basis over the life of each lease.

2 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging the following:

	2003 £000	2002 £000
Auditors' remuneration - audit services	10	3
Hire of plant and machinery	371	382
	<hr/>	<hr/>

3 Directors' remuneration

The directors being the only employees, neither received nor waived any remuneration during the year (2002: £Nil).

Notes (continued)

4 Taxation on profit on ordinary activities

(a) Analysis of taxation charge in the year

The taxation charge based on the profit on ordinary activities for the year comprises:

	2003 £000	2002 £000
Current taxation:		
UK Corporation tax at 30% (2002: 30%)	1,165	1,027
Deferred taxation:		
Origination and reversal of timing differences:		
Current year	(29)	58
Prior year	(118)	-
	<hr/>	<hr/>
Total taxation on profit on ordinary activities	1,018	1,085
	<hr/>	<hr/>

(b) Reconciliation of current taxation charge

The UK standard rate of corporation tax for the year is 30% (2002: 30%). The actual tax rate differs to the standard rate for the reasons set out below:

	2003 £000	2002 £000
Profit on ordinary activities before tax	3,757	3,230
	<hr/>	<hr/>
Tax on profit on ordinary activities at UK standard rate of corporation tax of 30% (2002: 30%)	1,127	969
Expenses not deductible for tax purposes	4	8
Other timing differences	29	(58)
Other	5	108
	<hr/>	<hr/>
Current tax charge for the year	1,165	1,027
	<hr/>	<hr/>

5 Debtors

	2003 £000	2002 £000
Debtors due within one year		
Trade debtors	2,156	3,693
Amounts owed by group undertakings	7,017	13,791
Other debtors	7	309
Prepayments and accrued income	53	49
Amounts owed by other participating interests	356	-
	<hr/>	<hr/>
	9,589	17,842
	<hr/>	<hr/>
Debtors due after more than one year		
Deferred tax asset (see note 7)	147	-
	<hr/>	<hr/>
	9,736	17,842
	<hr/>	<hr/>

Notes (continued)

6 Creditors: amounts falling due within one year

	2003 £000	2002 £000
Bank loan and overdraft	-	-
Trade creditors	327	177
Amounts owed to group undertakings	2,699	9,551
Group relief	-	-
Corporation tax	1,165	1,027
Other taxes and social security	1,430	1,649
Other creditors	1,624	1,838
Accruals and deferred income	1,293	1,531
	<u>8,538</u>	<u>15,773</u>

7 Deferred taxation asset

	Deferred taxation £000
At beginning of year	-
Transfer to profit and loss account	147
	<u>147</u>
At end of year	<u>147</u>

8 Share capital

	2003 £	2002 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

9 Reconciliation of movements in shareholders' funds

	2003 £000	2002 £000
Profit for the year	(871)	449
Shareholders' funds at beginning of year	2,069	1,620
	<u>1,198</u>	<u>2,069</u>
Shareholders' funds at end of year	<u>1,198</u>	<u>2,069</u>

Notes (continued)

10 Commitments

- (a) There were no capital commitments at the year end (2002: £Nil).
- (b) Annual commitments under non-cancellable operating leases are as follows:

	2003		2002	
	Land and buildings £000	Plant and machinery £000	Land and buildings £000	Plant and machinery £000
Operating leases which expire:				
Within one year	-	70	-	52
In the second to fifth years inclusive	-	301	58	330
After five years	-	-	57	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	371	115	382
	<hr/>	<hr/>	<hr/>	<hr/>

11 Related party transactions

As a 100% 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 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 controlling and ultimate parent company is Carillion plc which is incorporated in Great Britain.

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