

TPS Consult Limited

**Directors' report and financial
statements**

Registered number 2574820

For the year ended 31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities and business review

The company is principally engaged in the provision of architectural and engineering design services.

The directors anticipate that the company will continue its present role within the Carillion Group during 2001.

Profits and dividends

The profit on ordinary activities before taxation was £1,190,000 (1999: loss £599,000).

The directors do not propose the payment of a dividend for the year (1999: £Nil).

Directors and directors' interests

The directors who served during the year were:

SG Jessup
BS Engstrom
G Pearson (resigned 10 January 2001)
IS Barnes (appointed 10 January 2001)

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 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:

Number of shares	At 31 December 2000		At 1 January 2000		Share option movements in year		
	Shares	Share options	Shares	Share options	granted	exercised	lapsed
BS Engstrom	42,701	226,201	41,478	137,940	88,261	-	-
G Pearson	8,281	26,788	7,921	26,788	-	-	-
SG Jessup	7,371	29,040	7,267	29,040	-	-	-

At 31 December 2000 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.

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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

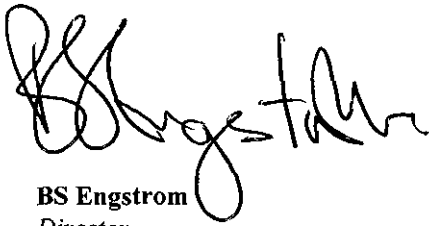
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such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

Directors' report *(continued)*

Auditor

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

Approved by the Board on 14 March 2001 and signed on its behalf by:



BS Engstrom
Director

Birch Street
Wolverhampton
WV1 4HY



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Report of the auditor to the members of TPS Consult Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, 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.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 2000 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 2001

Profit and loss account
for the year ended 31 December 2000

	<i>Note</i>	2000 £'000	1999 £'000
Turnover	2	19,115	17,160
Cost of sales		(13,809)	(12,533)
Gross profit		5,306	4,627
Administrative expenses		(4,247)	(5,486)
Profit/(loss) on ordinary activities before interest		1,059	(859)
Other interest receivable		-	28
Interest received from group undertakings		131	232
Profit/(loss) on ordinary activities before taxation	3	1,190	(599)
Taxation on profit/(loss) on ordinary activities	6	(213)	(147)
Profit/(loss) for the financial year	15	977	(746)

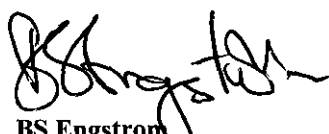
There is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year.

There were no recognised gains 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 2000

	<i>Note</i>	2000 £'000	£'000	1999 £'000	£'000
Fixed assets					
Tangible assets	7	255		366	
Investments	8	-		-	
			255		366
Current assets					
Stocks	9	6		2	
Debtors	10	11,750		13,966	
Cash at bank and in hand		124		14	
		11,880		13,982	
Creditors: amounts falling due within one year	11	(8,600)		(11,790)	
Net current assets			3,280		2,192
Net assets			3,535		2,558
Capital and reserves					
Called up share capital	13		44,368		44,368
Profit and loss account	15		(40,833)		(41,810)
Equity shareholders' funds	14		3,535		2,558

These financial statements were approved by the board of directors on 14 March 2001 and signed on its behalf by:


BS Engstrom
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

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

Group financial statements

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group financial statements and deliver them to the Registrar of Companies. The financial statements therefore present information about the undertaking as an individual undertaking and not about its group. The company is included within the consolidated financial statements of Carillion plc, the company's parent undertaking.

Cash flow statement

In accordance with Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement on the grounds that Carillion plc, the company's ultimate parent undertaking includes the company's cashflows in its own published consolidated cashflow statement.

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in the carrying value of the investment.

Long term contracts

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less any foreseeable losses. The profit on an individual contract is recognised when the outcome of the contract can be foreseen with reasonable certainty and is the lower of profit earned to date and that forecast at completion. The result for each year includes settlement of claims on contracts completed in prior years. Payments received on account of contracts are deducted from amounts recoverable on contracts in debtors or long term contract balances in stock. Where such amounts have been received and exceed amounts recoverable, the net amounts are included in creditors.

Stocks

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

Tangible fixed assets

Depreciation is based on historic cost less estimated residual values and the estimated useful economic lives of the assets concerned as follows:

Plant, machinery and vehicles	3-5 years
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Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation, calculated using the liability method which is included only where the effects of timing differences between results as stated in the financial statements and as computed for taxation purposes are, in the opinion of the directors, likely to crystallise in the foreseeable future.

Notes (continued)

1 Principal accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded using the contracted exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Gains or losses arising on the translation of the opening net assets of overseas branches are taken to reserves together with exchange differences on related foreign currency borrowings.

Turnover

Turnover is stated exclusive of value added tax and represents the value of work executed during the year.

Leased assets

All leases are accounted for as operating leases. Rentals are charged to the profit and loss account in equal annual instalments over the life of the lease.

Government grants

Government grants in respect of capital expenditure are credited to the profit and loss account over the life of the related asset.

Pensions

Regular pension costs are established in accordance with the recommendations of independent actuaries and are charged to the profit and loss account based on the expected pension costs over the employees' service lives with the company. Current actuarial surpluses or deficits are spread over the remaining service lives.

2 Turnover

The analysis of turnover by geographical area is as follows:

	2000 £'000	1999 £'000
United Kingdom	16,854	14,586
Europe	743	2,175
Other	1,518	399
	<hr/> 19,115	<hr/> 17,160

3 Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets	232	244
Auditors' remuneration:		
Audit	18	19
Operating leases:		
Hire of plant and machinery	-	-
Hire of cars	219	209
Hire of other assets	254	194

Notes (continued)

4 Directors remuneration

	2000 £	1999 £
Directors' emoluments	100,109	115,452
	Number	Number
Number of directors who are members of defined benefit pension schemes	3	3

5 Staff numbers and costs

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

	2000 Number	1999 Number
Technical staff	207	202
Administration staff	51	51
	258	253

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	7,306	7,413
Social security costs	734	746
Other pension costs	871	814
	8,911	8,973

6 Taxation on profit/(loss) on ordinary activities

The tax charge for the year is made up as follows:

	2000 £'000	1999 £'000
(Tax)/group relief based on the profit/(loss) for the year	(253)	419
Deferred tax	40	(566)
Adjustment in respect of prior years	-	-
	(213)	(147)

The movement on deferred tax is shown in note 12.

Notes (continued)

7 Tangible fixed assets

	Plant, machinery and vehicles £'000
Cost	
At beginning of year	1,902
Additions	121
Disposals	(1,340)
	<hr/>
At end of year	683
	<hr/>
Depreciation	
At beginning of year	1,536
Charge in year	232
Disposals	(1,340)
	<hr/>
At end of year	428
	<hr/>
Net book value	
At 31 December 2000	255
	<hr/>
At 31 December 1999	366
	<hr/>

8 Investments

The company holds 100% of the ordinary share capital of the companies noted below. None of the companies have traded since incorporation.

The total cost of the company's investment in subsidiary undertakings is £10. The companies are as follows:

PSA Projects Edinburgh Limited
PSA Projects Birmingham Limited
Property Services Agency Limited
PSA Projects Limited
Carillion Facilities Management Services Limited

9 Stocks

	2000 £'000	1999 £'000
Finished goods and goods for resale	6	2
	<hr/>	<hr/>

Notes (continued)

10 Debtors

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Trade debtors	3,007	2,157
Amounts recoverable on contracts	2,022	2,451
Amounts owed by group undertakings	5,918	8,387
Amounts owed by associated undertakings	-	-
Group relief receivable	419	419
Other debtors	57	53
Prepayments and accrued income	112	324
	<hr/> 11,535	<hr/> 13,791
Amounts falling due after more than one year:		
Deferred tax (note 12)	215	175
	<hr/> 11,750	<hr/> 13,966

11 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Payments received on account - long term contracts	738	1,213
Trade creditors	179	614
Amounts owed to group undertakings	5,077	7,792
Amounts owed to associated undertakings	-	1
Corporation tax	253	-
Other tax and social security	62	260
Other creditors	310	416
Accruals and deferred income	1,981	1,494
	<hr/> 8,600	<hr/> 11,790

12 Deferred taxation

The assets recognised in respect of deferred taxation are set out below:

	2000 £'000	1999 £'000
Accelerated capital allowances	215	170
Other timing differences	-	5
	<hr/> 215	<hr/> 175

Notes (continued)

12 Deferred taxation (continued)

There is an unrecognised deferred taxation asset of £277,000 at the year end, relating to accelerated capital allowances (1999: £446,000).

The movement on the deferred taxation asset, which is disclosed within other debtors, is as follows:

	£'000
At beginning of year	175
Transfer to profit and loss account	40
At end of year	215

13 Share capital

	2000 £'000	1999 £'000
<i>Authorised, allotted, called up and fully paid:</i>		
44,368,002 ordinary shares of £1 each	44,368	44,368

14 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit/(loss) for the financial year	977	(746)
Currency adjustments	-	4
Opening shareholders' funds	2,558	3,300
Closing shareholders' funds	3,535	2,558

15 Profit and loss account reserve

	Profit and loss account £'000
At beginning of year	(41,810)
Profit for the year	977
At end of year	(40,833)

Notes (continued)

16 Pension contributions

Following the acquisition of the business and assets of the design and project management arm of the former Property Services Agency from HM Government, a scheme was established by deed on 1 December 1992 for employees of the company in the United Kingdom at that date.

The scheme is of the defined benefit type and is funded, with the assets of the scheme being held in trustee administered funds. At the date of the most recent actuarial valuation, 31 December 1997, the resources of the scheme were deemed likely in the normal course of events to meet in full the liabilities of the scheme as they fall due. The surplus held in the scheme at that date was £434,000. A valuation of the scheme will be undertaken by independent qualified actuaries every three years, and the actuary has recommended a valuation as at 31 December 2000. The 31 December 1997 actuarial valuation assumes a return on investment of 7% per annum, and annual salary increases a minimum of 2% higher than the rate of annual pension increases.

On the recommendation of the actuary, employers contributions were 14.1% of members' aggregate pensionable pay with effect from 1 January 1998.

The above scheme is closed to staff who have commenced employment with the company since 1 December 1992. They are invited, if eligible, to join the Carillion plc pension schemes. These are of the defined benefit type and are for the benefit of all relevant employees of Carillion plc and its UK subsidiary and associated undertakings ("the group"). The assets of the schemes are held in trustee administered funds separate from those of the group. Details of the latest actuarial valuation of the principal schemes are given in the group's consolidated financial statements. The contributions to the schemes made by the company represent the regular cost of providing the benefits without any recognition of fund surpluses or deficits which are dealt with by Carillion plc.

17 Commitments

The annual commitments under non-cancellable operating leases was as follows:

	2000 Land and buildings £'000	Other assets £'000	1999 Land and Buildings £'000	Other assets £'000
On operating leases which expire:				
Within one year	-	89	1	22
Within two to five years inclusive	184	159	184	134
	<hr/> 184	<hr/> 248	<hr/> 185	<hr/> 156

18 Related party transactions

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 group. Note 19 gives details of how to obtain a copy of the published financial statements of Carillion plc.

19 Controlling and parent companies

The company's immediate controlling company is Carillion plc, its immediate parent company, incorporated in Great Britain.

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