

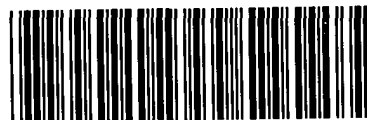
Carillion Private Finance Limited

Annual report and financial statements

Registered number 2997859

For the year ended 31 December 2014

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Contents

Strategic report	3
Directors' report	4
Statement of directors' responsibilities in respect of the directors' report and the financial statements	5
Independent auditor's report to the members of Carillion Private Finance Limited	6
Profit and loss account	8
Balance sheet	9
Notes	10 - 16

Strategic Report

The directors present their Annual report and the audited financial statements for the year ended 31 December 2014.

Principal activities

The principal activity of the company is that of investment in undertakings, which develop and operate projects under the Private Finance Initiative.

Business review

On 27 June 2014 one of the subsidiaries of the company Carillion Private Finance (Health) Limited transferred to Carillion Private Finance Limited 100% of the equity of its subsidiary Clinicenta (Hertfordshire) Limited. On the same date Carillion Private Finance Limited assumed responsibility for the remaining accrual in respect of costs in relation to Clinicenta (Hertfordshire) Limited and also took assignment of a receivable in respect of losses surrendered during the accounting period ending 31 December 2013.

Also during the year, the company disposed of its loan with Hospital Infrastructure Partners (Sault) Partnership at cost.

The company's key performance indicators are profit before tax and return on capital employed. The profit on ordinary activities before taxation was £12,093,000 (2013: profit of £90,787,000). Return on capital employed (calculated as profit before tax: closing net assets) was 0.8:1 or 83% (2013: 4.4:1 or 437%).

The directors therefore consider the performance of the company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory given the key performance indicators achieved.

Principal risks

The principal risks facing the business are that the value of investments in undertakings, which are dependent on the success of the underlying projects, might be less than anticipated and the risk that Carillion Private Finance Limited might have to inject cash into undertakings to maintain their value. The directors manage this risk through close involvement in the management of the underlying projects and regular monitoring of their performance.

Approved by the Board on 23 April 2015 and signed on its behalf by:



FR Herzberg
Director

Carillion House
84 Salop Street
Wolverhampton
WV3 0SR

Directors' Report

There have been no significant events to report between the 31st December 2014 to the date of signing the reports and accounts.

The directors anticipate that the company will continue its present role during 2015.

Profit and dividends

The profit on ordinary activities before taxation was £12,093,000 (2013: profit of £90,787,000).

A dividend of £20,000,000 was declared and paid during the year (2013: £75,000,000), being £2.90 per share (2013: £10.87 per share).

Directors

The directors serving during the year and subsequently were:

RJ Adam
FR Herzberg
RJ Howson

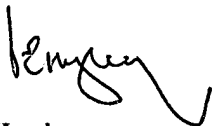
Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

KPMG Audit Plc resigned as auditor on 4 December 2014 pursuant to section 516 of the Companies Act 2006. On 9 March 2015 the Directors appointed KPMG LLP as auditor of the company to fill the casual vacancy as auditor under section 485(3) of the Companies Act 2006. KPMG LLP has indicated its willingness to continue in office and a resolution to reappoint it as auditor will be proposed at the next annual general meeting.

Approved by the Board on 23 April 2015 and signed on its behalf by:



FR Herzberg
Director

Carillion House
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, 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.

Independent auditor's report to the members of Carillion Private Finance Limited

We have audited the financial statements of Carillion Private Finance Limited for the year ended 31 December 2014 set out on pages 8 to 16. 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 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 web-site 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 2014 and of its profit 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 the 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.



James Tracey

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill, Snowhill Queensway

Birmingham, B4 6GH

24 April

2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Other operating income		144	-
Administrative expenses		-	(521)
Operating profit / (loss)		144	(521)
Profit on disposals	4	-	16,968
Operating profit		144	16,447
Interest receivable and similar income	5	195	2,351
Interest payable and similar charges	6	(8,314)	(6,063)
Income from shares in participating interest	18	68	160
Income from shares in group undertakings		20,000	77,892
Profit on ordinary activities before taxation	2	12,093	90,787
Tax on profit on ordinary activities	7	1,747	965
Profit for the financial year	15	13,840	91,752

All activities 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 - 16 form part of these financial statements.

Balance sheet
at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Investments	9		<u>24,456</u>		<u>29,794</u>
			24,456		29,794
Current assets					
Debtors: amounts falling due within one year	10	252,106		223,303	
Debtors: amounts falling due after one year	11	<u>17,804</u>		<u>21,366</u>	
		269,910		244,669	
Creditors: amounts falling due within one year	12	<u>(267,145)</u>		<u>(251,595)</u>	
Net current assets / (liabilities)			2,765		(6,926)
Total assets less current liabilities			27,221		22,868
Creditors: amounts falling due after more than one year	13		(12,586)		(2,073)
Net assets			<u>14,635</u>		<u>20,795</u>
Capital and reserves					
Called up share capital	14		6,903		6,903
Profit and loss account	15		7,732		13,892
Equity shareholder's funds	16		<u>14,635</u>		<u>20,795</u>

The Notes on pages 10 - 16 form part of these financial statements.

These financial statements were approved by the Board of Directors on 23 April 2015 and were signed on its behalf by :



FR Herzberg
Director

Company registered number 2997859

Carillion Private Finance Limited

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

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

Going concern

The company participates in the 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.

Consolidated financial statements

These financial statements present information about the company as an individual company and not about its group. The company is exempt under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements and to deliver them to the Registrar of Companies as it is a wholly owned subsidiary undertaking of another UK corporate body, which prepares group financial statements.

Cash flow statement

Under FRS 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.

Investments

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

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.

Foreign currencies

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

Interest payable and similar charges

Interest payable is charged to the profit and loss account as incurred.

Interest receivable and similar income

Interest receivable is credited to the profit and loss account as earned.

Dividends on shares presented within Shareholder's funds.

Dividends are only recognised as a liability at the balance sheet date to the extent that they are declared prior to year end. Unpaid dividends that do not meet this criteria are disclosed in the notes to the financial statements.

Dividends received from participating interests

Dividends received from participating interests are credited to the profit and loss account when declared by their board of directors.

Related party transactions

As a wholly-owned subsidiary of Carillion plc, the company has taken advantage of the exemption under FRS 8: "Related party disclosures" not to provide information on related party transactions with other undertakings within the Carillion Group.

Notes (continued)

2. Profit on ordinary activities before taxation

	2014 £000	2013 £000
Profit on ordinary activities before taxation is stated after charging		
Auditor's remuneration - Statutory audit work	<u>13</u>	<u>17</u>

Fees paid to the company's auditor, KPMG LLP 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. Directors' remuneration and employees

The company had no employees other than its directors (2013 : none) none of whom received or waived any remuneration (2013: £Nil).

4. Profit on disposals

	2014 £000	2013 £000
Profit on disposal of subsidiary	-	10,636
Profit on disposal of participating interest	-	6,332
	<u>-</u>	<u>16,968</u>

5. Interest receivable and similar income

	2014 £000	2013 £000
Interest receivable from Yorkshire Transformation Holdings Ltd	-	105
Interest receivable from group undertakings	195	2,232
Foreign exchange gain	-	14
	<u>195</u>	<u>2,351</u>

6. Interest payable and similar charges

	2014 £000	2013 £000
Interest payable to parent undertaking	<u>8,314</u>	<u>6,063</u>
	<u>8,314</u>	<u>6,063</u>

Notes (continued)

7. Tax on profit on ordinary activities

(a) Analysis of taxation credit in the year

	2014 £000	2013 £000
UK corporation tax		
Current tax	(1,738)	(984)
Adjustment in respect of prior periods	(12)	19
Overseas tax	3	-
Total current taxation	(1,747)	(965)
Total taxation on profit on ordinary activities	(1,747)	(965)

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

The current year tax credit for the year is higher (2013: lower) than the standard rate of 21.5 % (2013: 23.25%). The difference is explained below:

	2014 £000	2013 £000
Current tax reconciliation		
Profit on ordinary activities before taxation	12,093	90,787
Tax on profit on ordinary activities at 21.5% (2013: 23.25%)	2,600	21,108
Effects of:		
Non-taxable capital profits	(23)	(3,945)
Dividends from UK companies	(4,315)	(18,147)
Overseas tax suffered	3	-
Adjustment in respect of previous periods	(12)	19
Current tax credit for the year	(1,747)	(965)

(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. This will reduce the company's future current tax charge accordingly.

There is no recognised or unrecognised deferred tax (2013: Nil).

8. Equity dividends

	2014 £000	2013 £000
Equity shares:		
Ordinary dividends at £2.90 per share (2013: £10.87 per share)	20,000	75,000

Notes (continued)

9. Investments

	Shares in subsidiary undertakings £000	Shares in participating interests £000	Loans to participating interests £000	Total £000
Cost				
At beginning of year	14,656	2	15,136	29,794
Additions	30	-	-	30
Repayment	-	-	(2,790)	(2,790)
Disposal	-	(1)	(2,206)	(2,207)
Exchange rate adjustment	-	-	(371)	(371)
At year end	<u>14,686</u>	<u>1</u>	<u>9,769</u>	<u>24,456</u>
Net book value				
At 31 December 2014	<u>14,686</u>	<u>1</u>	<u>9,769</u>	<u>24,456</u>
At 31 December 2013	<u>14,656</u>	<u>2</u>	<u>15,136</u>	<u>29,794</u>

During the year the company received repayments of loans from CSS (Forensic Services & Coroners Complex) Partnership, Carillion Ottawa Holdings Inc, the Hospital Infrastructure Partners (Sault) Partnership and the CHS (Centre for Addiction and Mental Health) Partnership.

The equity of Clinicenta (Hertfordshire) Limited was transferred from subsidiary Carillion Private Finance (Health) Limited to Carillion Private Finance Limited.

Also during the year, the company disposed of its loans with the Hospital Infrastructure Partners (Sault) Partnership at cost.

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Ordinary shares capital held	Nature of business	Country of incorporation
Subsidiary undertakings			
Carillion Private Finance (Education) 2012 Limited	100%	Private Finance Holding Company	Great Britain
Carillion Private Finance (Health) Limited	100%	Private Finance Holding Company	Great Britain
Carillion Private Finance (Health) 2013 Limited	100%	Private Finance Holding Company	Great Britain
Carillion Private Finance (Secure) Limited	100%	Private Finance Holding Company	Great Britain
Carillion Private Finance (Transport) Limited	100%	Private Finance Holding Company	Great Britain
Avery Hill Developments Holdings Limited	100%	Private Finance Holding Company	Great Britain
Clinicenta (Hertfordshire) Limited	100%	Private Finance	Great Britain
Participating interests			
Carillion Ottawa Holdings Inc	50%	Private Finance Holding Company	Canada
UK Highways Limited	50%	Private Finance Holding Company	Great Britain

The company holds 50% of the share capital of CHS (Centre for Addiction and Mental Health) Partnership and CSS (Forensic Services & Coroners Complex) Partnership and 40% of the share capital of Hospital Infrastructure Partners (NOH) Partnership. As at the 31 December 2013 this share capital was unpaid.

These companies are all involved in the development and operation of projects under the Private Finance Initiative.

10. Debtors: Amounts falling due within one year	2014 £000	2013 £000
Amounts owed by group undertakings	250,428	222,252
Corporation tax	1,678	1,051
	<u>252,106</u>	<u>223,303</u>
11. Debtors: Amounts falling due after one year	2014 £000	2013 £000
Included within debtors are the following amounts falling due after more than one year:		
Amounts owed by group undertakings	17,804	21,366
	<u>17,804</u>	<u>21,366</u>

Amounts owed by fellow group undertakings include amounts which incur interest at market rates and amounts which are interest free; all are unsecured and repayable on demand.

Notes (continued)

12. Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Amounts owed to group undertakings	267,098	251,095
Accruals and deferred income	47	500
	267,145	251,595

Amounts owed to group undertakings include amounts which incur interest at market rates and amounts which are interest free; all are unsecured and repayable on demand.

13. Creditors: amounts falling due after more than one year

	2014	2013
	£000	£000
Amounts owed to group undertakings	2,073	2,073
Amounts owed to other participating interests	10,513	-
	12,586	2,073

Amounts owed to group undertakings include amounts which incur interest at market rates and amounts which are interest free; all are unsecured and repayable on demand.

14. Called up share capital

	2014	2013
	£000	£000
Allotted, called up and fully paid:		
6,902,895 ordinary shares of £1 each	6,903	6,903

Notes (continued)

15. Profit and loss account

	2014 £000
At beginning of year	13,892
Profit for the financial year	13,840
Dividends paid to equity shareholders	(20,000)
At the end of the year	<u>7,732</u>

16. Reconciliation of movements in shareholder's funds

	2014 £000	2013 £000
Profit for the financial year	13,840	91,752
Dividend paid to equity holders	(20,000)	(75,000)
Net (decrease) / increase in equity shareholder's funds	(6,160)	16,752
Equity shareholder's funds at the beginning of the year	20,795	4,043
Equity shareholder's funds at the end of the year	<u>14,635</u>	<u>20,795</u>

17. Contingent liabilities and financial commitments

The company has committed itself to invest £112 million of equity and subordinate debt (2013: £93.7 million) in the undertakings in which it has taken an interest. These commitments fall due as follows:

	2014 £000	2013 £000
Within one year	76,648	12,145
Between one and two years	15,184	66,395
Between two and five years	20,159	15,184
	<u>111,991</u>	<u>93,724</u>

Notes (continued)

18. Related party transactions

As a wholly-owned subsidiary of Carillion plc, the company has taken advantage of the exemption under FRS 8: "Related party disclosures" 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.

The company had the following related party transactions and had the following balances due from participating interests:

	2014 Transactions			2013 Transactions		
	Interest receivable £000	Capital repayments £000	Dividends received £000	Interest receivable £000	Capital repayments £000	Dividends received £000
Related party						
Carillion Ottawa Holdings Inc	-	99	68	-	221	-
CHS (CAMH) Partnership	-	770	-	-	580	-
Hospital Infrastructure Partners (Sault) Partnership	-	240	-	-	522	-
CSS (FSCC) Partnership	-	1,681	-	-	1,298	-
Yorkshire Transformations Holdings Limited	-	-	-	105	49	160
	<u>-</u>	<u>2,790</u>	<u>68</u>	<u>105</u>	<u>2,670</u>	<u>160</u>

There were no purchases from joint ventures during the year (2013: £Nil).

19. Ultimate parent company and parent company of larger group

The Company is controlled by Carillion Plc being the Company's intermediate parent undertaking.

The Company is a subsidiary of Carillion Plc which is the ultimate parent company in the United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by Carillion Plc, incorporated in the United Kingdom. No other group financial statements include the result of the Company. The consolidated financial statement of these groups are available to the public and may be obtained from 84 Salop Street, Wolverhampton WV3 0SR, United Kingdom.