

**Carillion Lawley Limited**

**Directors' report and financial  
statements**

**Registered number 3198714**

**Year ended 31 December 2004**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### Principal activities and business review

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

The directors anticipate that the company will continue in its present role within the Carillion Group during 2005.

### Profits and dividend

The profit before taxation was £1,934,052 (2003: Loss £2,139).

The directors do not recommend the payment of a dividend for the year (2003: £Nil).

### Directors and directors' interests

The directors who served during the year were:

SP Eastwood  
 CF Girling  
 LJ Mills  
 RW Robinson

None of the directors had any interests in the share or loan capital of the company, or any subsidiary of Carillion plc during the year.

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:

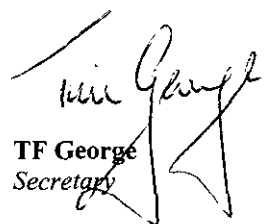
	At 1 January 2004		Share option movements in year			At 31 December 2004	
	Shares Number	Share options number	Granted Number	Exercised Number	Lapsed Number	Shares Number	Share options number
SP Eastwood	15,962	128,359	27,717	18,709	79,052	16,878	58,315
LJ Mills	21,740	114,971	-	11,622	103,349	21,740	-

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 auditor of the company will be proposed at the Annual General Meeting.

Approved by the Board on 9 March 2005 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 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.



KPMG Audit Plc

2 Cornwall Street  
Birmingham  
B3 2DL

## **Independent auditors' report to the members of Carillion Lawley 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 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 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 2004 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

9 March 2005

**Profit and loss account**  
*for the year ended 31 December 2004*

	<i>Note</i>	<b>Year ended 31 December 2004 £</b>	<b>Year ended 31 December 2003 £</b>
<b>Turnover</b>	<i>1</i>	<b>11,013,940</b>	-
Cost of sales		<b>(8,923,955)</b>	-
		<hr/>	<hr/>
<b>Gross profit</b>		<b>2,089,985</b>	-
Administrative expenses		<b>(160,306)</b>	(2,139)
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>	<i>2</i>	<b>1,929,679</b>	(2,139)
Interest receivable and similar income	<i>4</i>	<b>4,373</b>	-
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>1,934,052</b>	(2,139)
Tax on profit/(loss) on ordinary activities	<i>5</i>	<b>(578,447)</b>	642
		<hr/>	<hr/>
<b>Retained profit/(loss) for the financial year</b>	<i>10</i>	<b>1,355,605</b>	(1,497)
		<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 2004*

	<i>Note</i>	<b>2004</b> £	<b>2003</b> £
<b>Current assets</b>			
Stocks	6	-	690,039
Debtors	7	8,972,365	45,401
		<hr/>	<hr/>
		8,972,365	735,440
<b>Creditors: amounts falling due within one year</b>	8	(7,618,255)	(736,935)
		<hr/>	<hr/>
<b>Net assets/(liabilities)</b>		1,354,110	(1,495)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Profit and loss account	10	1,354,108	(1,497)
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	11	1,354,110	(1,495)
		<hr/>	<hr/>

These financial statements were approved by the Board of directors on 9 March 2005 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 accounting***

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

***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.

***Turnover***

Turnover is stated exclusive of value added tax and represents amounts invoiced in respect of goods and services provided during the year. All turnover arises within the United Kingdom.

***Stocks***

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

***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, which arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation, are calculated on a non-discounted full provision basis.

**2 Operating profit/(loss) on ordinary activities before taxation**

	2004	2003
	£	£
<i>Operating profit/(loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration - audit work	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

**3 Directors' emoluments**

The directors, who are the only employees of the company, have neither received nor waived any remuneration during the year (2003: £Nil).



**Notes (continued)**

**4 Interest receivable and similar income**

	2004	2003
Other interest	4,313	-
	<u>4,313</u>	<u>-</u>

**5 Tax on profit/(loss) on ordinary activities**

(a) The tax charge/(credit) is made up as follows:

	2004 £	2003 £
UK taxation		
Corporation tax	578,447	-
Group relief	-	(642)
	<u>578,447</u>	<u>(642)</u>
Total current tax (note 5(b))	578,447	(642)

(b) Reconciliation of current tax charge/(credit)

The UK standard rate of corporation tax for the year is 30% (2003: 30%). The actual tax rate differs to the standard rate for the reasons set out below:

	2004 £	2003 £
Profit/(loss) on ordinary activities before tax	1,934,052	(2,139)
	<u>1,934,052</u>	<u>(2,139)</u>
Tax on profit/(loss) on ordinary activities at UK standard rate of corporation tax of 30% (2003: 30%)	580,216	(642)
Permanent differences	(1,769)	-
	<u>578,447</u>	<u>(642)</u>
Current tax charge/(credit) for the year	578,447	(642)

**6 Stock**

	2004 £	2003 £
Development work in progress	-	690,039
	<u>-</u>	<u>690,039</u>

**7 Debtors: Amounts falling due within one year**

	2004 £	2003 £
Trade debtors	60,486	-
Amounts owed by group undertakings	8,911,078	33,272
Other tax and social security	801	11,487
Group tax relief	-	642
	<u>8,972,365</u>	<u>45,401</u>

## Notes (continued)

### 8 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	7,037,808	734,935
Accruals and deferred income	2,000	2,000
Corporation tax	578,447	-
	<u>7,618,255</u>	<u>736,935</u>

### 9 Share capital

	2004 £	2003 £
<i>Authorised:</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 10 Reconciliation of movement of reserves

	2004 £	2003 £
At start of year	(1,497)	-
Retained profit/(loss) for the year	<u>1,355,605</u>	<u>(1,497)</u>
At end of year	<u>1,354,108</u>	<u>(1,497)</u>

### 11 Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Retained profit/(loss) for the financial year	1,355,605	(1,497)
Equity shareholders' funds at beginning of year	<u>(1,495)</u>	<u>2</u>
Equity shareholders' funds at end of year	<u>1,354,110</u>	<u>(1,495)</u>

### 12 Contingent liabilities

The company has entered into a number of performance bonds as part of its ongoing development business.

### 13 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 14 provides details of how to obtain a copy of the published financial statements of Carillion plc.

**Notes** *(continued)*

**14 Controlling and parent companies**

The company's controlling company is Carillion Construction Limited, its immediate parent company, whilst the company's ultimate controlling company is Carillion plc, its ultimate parent company, both of which are registered in England and Wales.

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