

Carillion CR Limited

**Directors' report and financial
statements**

Registered number: 3783015

Year ended 31 December 2005



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Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2005.

Principal activities

The company is principally engaged in the development of land and property via a partnership arrangement. The directors anticipate that the company will continue to perform its present role during the next financial year.

Turnover for the year amounted to £Nil (2004: £Nil) and the profit on ordinary activities before taxation was £322,065 (2004: £922,922).

Proposed dividends

The directors do not propose a dividend in the current year (2004: £Nil).

Directors and directors' interests

The directors who served during the year were:

SP Eastwood
 CFG Girling
 RW Robinson

None of the directors had any interest in the share capital of the company.

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

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 2005		Share option movements in year			At 31 December 2005	
	Shares	Share Options	Granted	Exercised	Lapsed	Shares	Share Options
	Number	Number	Number	Number	Number	Number	Number
SP Eastwood	16,878	58,315	30,096	-	-	5,443	88,411

Auditor

In accordance with section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditor of the company will be proposed at the forthcoming annual general meeting.

Approved by order of the board of directors on 8 March 2006 and signed on its behalf by:



RF Tapp (for Carillion Construction (Nominees) Limited)
 Secretary

Birch Street
 Wolverhampton
 WV1 4HY

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

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Carillion CR Limited

We have audited the financial statements of Carillion CR Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.



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Independent auditors' report to the members of Carillion CR Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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

8 March 2006

Profit and loss account
for the year ended 31 December 2005

	<i>Note</i>	2005 £	2004 £
Administrative expenses		(1,500)	(242,608)
Operating loss		(1,500)	(242,608)
Interest receivable	3	417,781	99,386
Interest payable	4	(94,216)	(76,420)
Distributions received from joint ventures		-	1,142,564
Profit on ordinary activities before taxation	5	322,065	922,922
Tax on profit on ordinary activities	6	(60,404)	(161,528)
Retained profit for the year	13	261,661	761,394

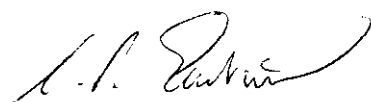
The above results are all derived from continuing operations.

The company has no recognised gains and losses in either the current or preceding year other than those disclosed in the profit and loss account.

Balance sheet
at 31 December 2005

	<i>Note</i>	2005 £	2004 £
Fixed assets			
Investment in joint ventures	7	1,250,000	1,250,000
Current assets			
Debtors	8	12,726,300	2,106,078
Creditors: Amounts falling due within one year	9	(10,168,695)	(242,522)
		<hr/>	<hr/>
Due within one year		(10,131,949)	(245,522)
Debtors due after more than one year		12,689,554	2,106,078
		<hr/>	<hr/>
Total net current assets		2,557,605	1,863,556
Net current assets		2,557,605	1,863,556
Total assets less current liabilities		3,807,605	3,113,556
Creditors: Amounts falling due after more than one year	10	(2,125,566)	(1,790,328)
Provisions for liabilities and charges	11	(133,400)	(36,250)
		<hr/>	<hr/>
Net assets		1,548,639	1,286,978
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	1,548,638	1,286,977
		<hr/>	<hr/>
Equity shareholders' funds	14	1,548,639	1,286,978
		<hr/>	<hr/>

These financial statements were approved by the directors on 8 March 2006 and were signed on its behalf by:



S P 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 except as noted below:

Basis of preparation

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

Investments

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

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 company as an individual undertaking and not about its group. The company is included within the consolidated financial statements of Carillion plc, the company's ultimate parent undertaking.

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 FRS 19 "Deferred tax". 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.

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 cash flows in its own published consolidated cash flow statement.

2 Directors' remuneration

The directors being the only employees of the company did not receive nor waive any remuneration in the year ended 31 December 2005 (2004: £Nil).

3 Interest receivable and similar income

	2005 £	2004 £
Interest receivable from group undertakings	417,781	99,386
	<u>417,781</u>	<u>99,386</u>

4 Interest payable and similar charges

	2005 £	2004 £
Interest payable to joint venture	94,216	75,068
Other interest payable	-	1,352
	<u>94,216</u>	<u>76,420</u>

Notes (continued)

5 Profit on ordinary activities before taxation

	2005 £	2004 £
<i>Profit on ordinary activities is stated</i>		
<i>after charging</i>		
Auditors' remuneration – audit work	1,500	1,500

6 Tax on profit on ordinary activities

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

	2005 £	2004 £
<i>UK corporation tax</i>		
Current taxation (credit)/charge	(36,746)	241,022
<i>Deferred taxation</i>		
Origination/(reversal) of timing differences (note 11)	97,150	(79,494)
Tax on profit on ordinary activities	60,404	161,528

(b) Reconciliation of current tax

The UK standard rate of corporation tax for the year is 30% (2004: 30%). The actual tax rate differs to the standard rate for the reasons set out below:

	2005 £	2004 £
Profit on ordinary activities before tax	322,065	922,922
Taxation on profit on ordinary activities at UK standard rate of corporation tax of 30% (2004: 30%)	96,620	276,877
Permanent differences	34	193
Other timing differences	(133,400)	(36,048)
Current taxation (credit)/charge for the year	(36,746)	241,022

Carillion CR Limited is liable to meet tax liabilities on its share of results from its investment in the Carillion Richardson Partnership on an earned basis.

7 Fixed asset investments

	2005 £	2004 £
Joint venture		
Cost at the beginning and end of year	1,250,000	1,250,000

Fixed asset investments comprise the company's share of the Carillion Richardson Partnership and are carried at cost.

Notes (continued)

8 Debtors

	2005 £	2004 £
Amounts owing from group undertaking	12,689,554	2,106,078
Consortium relief receivable	36,746	-
	<u>12,726,300</u>	<u>2,106,078</u>

The loan owing from group undertaking is an unsecured loan with interest being charged at the current base rate. The loan is repayable after more than one year.

9 Creditors: Amounts falling due within one year

	2005 £	2004 £
Amount owed to related undertakings (note 10)	10,167,195	-
Corporation tax	-	241,022
Accruals and deferred income	1,500	1,500
	<u>10,168,695</u>	<u>242,522</u>

10 Creditors: Amounts falling due after more than one year

	2005 £	2004 £
Amounts owed to related undertakings	2,125,566	1,790,328

The amount owed to related undertakings is principally a loan from Carillion Construction Limited. Interest on the loan is payable at the current Bank of England base rate. Carillion Construction Limited has confirmed they will not require payment within twelve months of the balance sheet date, hence the amount is deemed due after more than one year.

11 Provisions for liabilities and charges

Full provision for deferred tax has been made at 30% (2004: 30%) which is analysed as follows:

	£
At 1 January 2005	36,250
Credited to profit and loss account	97,150
	<u>133,400</u>
At 31 December 2005	<u>133,400</u>

The deferred tax balance comprises the following:

	£	£
Other timing differences	133,400	36,250

Notes (continued)

12 Share capital

	2005 £	2004 £
<i>Authorised:</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid:</i>		
1 ordinary share of £1 each	1	1

13 Reconciliation of movement on reserves

	2005 £	2004 £
At start of year	1,286,977	525,583
Retained profit for the year	261,661	761,394
At end of year	1,548,638	1,286,977

14 Reconciliation of movements in equity shareholders' funds

	2005 £	2004 £
Retained profit for the financial year	261,661	761,394
Opening shareholders' funds	1,286,978	525,584
Equity shareholders' funds at end of year	1,548,639	1,286,978

15 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 16 provides details of how to obtain a copy of the published financial statements of Carillion plc.

16 Ultimate parent company and parent undertaking of larger group

The company's immediate controlling company is Carillion Holdings Limited, whilst the ultimate controlling company is Carillion plc, both of which are incorporated in Great Britain and registered in England and Wales.

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