

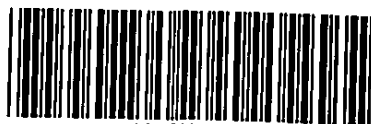
Carillion Fleet Lease Limited

Directors' report and financial statements

Registered number 04458616

For the year ended 31 December 2010

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Contents

Directors' report	3
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditor's report to the members of Carillion Fleet Lease Limited	5
Profit and loss account	7
Balance sheet	8
Notes	9

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2010

Principal activities and Business review

The company is a wholly owned subsidiary of Carillion plc and operates as part of Carillion's Infrastructure Services division

The company's principal activities are those of the provision of vehicles to Tarmac plc, within the United Kingdom. During the year the company was in the process of disengaging from the Tarmac contract, which was completed at the end of January 2011

Profit and dividends

The loss for the year after taxation amounted to £66,179 (2009 £78,025). The directors do not recommend the payment of a dividend (2009 £Nil)

Directors

The directors serving during the year and subsequently were

LJ Mills
TF George

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

Approved by the Board on 10 May 2011 and signed on its behalf by



TF George
Company Secretary

24 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 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.



KPMG Audit Plc

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Carillion Fleet Lease Limited

We have audited the financial statements of Carillion Fleet Lease Limited for the year ended 31 December 2010 set out on pages 7 to 13. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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, 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 2010 and of its loss 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

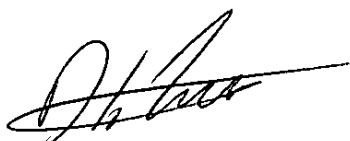
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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



DK Turner
(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
10 May 2011

Profit and loss account
for the year ended 31 December 2010

		2010	2009
		£000	£000
Turnover	<i>Note 1</i>	4,781	4,195
Cost of sales		<u>(4,252)</u>	<u>(3,663)</u>
Operating Profit		529	532
Interest payable and similar charges	<i>4</i>	<u>(550)</u>	<u>(640)</u>
Loss on ordinary activities before taxation	<i>2</i>	(21)	(108)
Tax on (loss)/profit on ordinary activities	<i>5</i>	<u>(46)</u>	<u>30</u>
Loss for the financial year	<i>12</i>	<u>(67)</u>	<u>(78)</u>

All activities relate to discontinuing operations

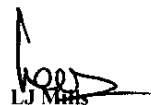
There is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year

There were no recognised gains or losses in either the current or preceding financial year other than the profit or loss for those years

Balance sheet
at 31 December 2010

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	6	15,144	14,684
		<u>15,144</u>	<u>14,684</u>
Current assets			
Debtors	7	1,434	1,464
		<u>1,434</u>	<u>1,464</u>
Creditors amounts falling due within one year	8	(17,103)	(6,918)
Net current liabilities		<u>(15,669)</u>	<u>(5,454)</u>
Creditors amounts falling due after more than one year	9	-	(9,688)
Net liabilities		<u>(525)</u>	<u>(458)</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(525)	(458)
Equity shareholders' deficit	13	<u>(525)</u>	<u>(458)</u>

These financial statements were approved by the Board of Directors on 10 May 2011 and were signed on its behalf by


LJ Mills

Director

Company registered number 04458616

Carillion Fleet Lease 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's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' report

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £525,000 which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Carillion plc, the company's ultimate parent undertaking. Carillion plc has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The company participates in the Carillion plc 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.

Group financial statements

The company is exempt under Section 400 of the Companies Act 2006 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.

Related party transactions

As 100% of the company's voting rights are controlled within the group headed by Carillion plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Carillion plc, within which this company is included, can be obtained from

Income recognition

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

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.

Tangible Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets and is based upon the cost of the asset less its estimated residual value at the end of its lease agreement. Depreciation is spread evenly over the life of the lease contract, as follows:

Vehicles - 4 years

Turnover

Turnover represents the net amount receivable, excluding value added tax, from customers for rentals due under operating leases.

Turnover during the year was generated from services wholly provided in the United Kingdom.

Taxation

The charge for taxation is based on the result for each year and takes into account deferred taxation. Deferred tax assets or liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation which have arisen but not reversed by the balance sheet date, except as otherwise required by IFRS 19. Liabilities are calculated on a non-discounted full provision basis. Assets are calculated on the same basis but are recognised only to the extent that it is probable that they will be recovered.

Notes (continued)

2 Loss on ordinary activities before taxation

	2010 £000	2009 £000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets		
-Owned	4,218	3,600
Loss on disposal of fixed assets	34	63

The audit fee for the year ended 31 December 2010 amounting to £4,000 (2009: £1,000) was borne by Carillion Construction Limited a fellow Group subsidiary

Fees paid to the company's auditor, KPMG Audit Plc and its associates, 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

The directors, being the only employees in the current and preceding years, neither received nor waived any remuneration

4 Interest payable and similar charges

	2010 £000	2009 £000
Interest payable to group undertakings	32	29
Interest payable on external borrowings	518	611
	<u>550</u>	<u>640</u>

Notes (continued)

5 Tax on profit on ordinary activities

(a) Analysis of taxation charge in the year

	2010 £000	2009 £000
UK corporation tax		
Current tax	(754)	(466)
Adjustment in respect of prior periods	1,237	-
Total current taxation	483	(466)
Deferred taxation		
Accelerated capital allowances	748	436
Adjustment in respect of prior periods	(1,238)	-
Adjustment in respect of change in rate	53	-
Total deferred taxation	(437)	436
Total taxation on profit on ordinary activities	46	(30)

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

The current year tax charge for the year is higher (2009 lower) than the standard rate of 28 % (2009 28%) The difference is explained below

	2010 £000	2009 £000
Current tax reconciliation		
Profit/(loss) on ordinary activities before taxation	(21)	(108)
Tax on profit/(loss) on ordinary activities at 28% (2009 28%)	(6)	(30)
Effects of		
Capital allowances (in excess of)/less than depreciation	(748)	(436)
Adjustment in respect of previous periods	1,237	-
Current tax (charge)/credit for the year	483	(466)

(c) Factors that may affect future tax charges

The Budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 21 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 4% rate reduction although this will further reduce the company's future current tax charge and reduce the company's deferred tax liabilities/assets accordingly.

Notes (continued)

6 Tangible fixed assets

	Vehicles £000
Cost	
At beginning of year	23,316
Additions	6 183
Eliminated in respect of disposals	(4,893)
At end of year	24,606
Depreciation	
At beginning of year	8 632
Charge for the year	4 218
Eliminated in respect of disposals	(3,388)
At end of year	9,462
Net book value	
At 31 December 2010	15,144
At 31 December 2009	14,684

7 Debtors

	2010 £000	2009 £000
Amounts falling due within one year		
Corporation tax - group relief	-	467
Deferred tax asset (note 10)	1,434	997
	1,434	1,464

8 Creditors Amounts falling due within one year

	2010 £000	2009 £000
Amounts owed to group undertakings	1,747	2 044
Corporation tax	485	-
Other creditors	14,871	4 874
	17,103	6 918

9 Creditors amounts falling due after more than one year

	2010 £000	2009 £000
Financial liabilities	-	9,688
	-	9 688

The financial liabilities outstanding at the end of 2009 has been reallocated to other creditors within amounts falling due within one year as a result of disengaging from the Iarmac contract

Notes (continued)

10 Deferred taxation

	£000
At the beginning of the year	997
Transfer to profit and loss account	437
At the end of the year	<u>1 434</u>

The elements of deferred taxation are as follows

	2010	2009
	£000	£000
Accelerated capital allowance	1,434	997
	<u>1,434</u>	<u>997</u>

The deferred tax asset is disclosed in debtors (note 7)

11 Called up share capital

	2010	2009
	£000	£000
Allotted called up and fully paid 2 ordinary shares of £1 each	-	-
	<u>-</u>	<u>-</u>

12 Profit and loss account

	£000
At beginning of year	(458)
Loss for the financial year	(67)
At the end of the year	<u>(525)</u>

13 Reconciliation of movements in shareholders' deficit

	2010	2009
	£000	£000
Loss for the financial year	(67)	(78)
Equity shareholders' deficit at the beginning of the year	(458)	(380)
Equity shareholders' deficit at the end of the year	<u>(525)</u>	<u>(458)</u>

14 Controlling and parent companies

The company's controlling company is Carillion plc its ultimate parent company, which is incorporated in Great Britain and registered in England and Wales

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