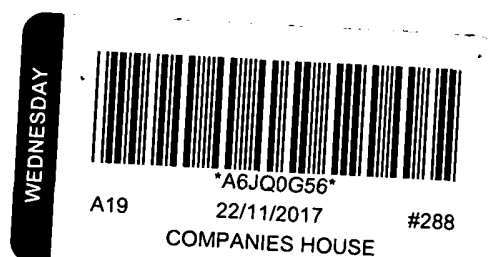


Carillion (Aspire Services) Limited

Annual report and financial statements

Registered number 05704254

For the year ended 31 December 2016



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Strategic report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2016.

Principal activities

The company is a special purpose entity which has been set up for the Ministry of Defence's Allenby and Connaught project. The project is a 35 year concession beginning in 2006 to maintain the estates in Aldershot and the Salisbury Plain areas under the Government's Private Finance Initiative ("PFI"). The project covers the provision of both hard services such as maintaining the estates including utilities, and soft services including cleaning, catering, office support, stores management, transport management and ancillary services. These activities are delivered through the Aspire Defence Services ("ADS") joint operation, which is a 50/50 joint operation involving KBR (Aspire Services) Limited and Carillion (Aspire Services) Limited.

Review of the year

The performance of the company is set out in the profit and loss account set out on page 7. The directors consider the result for the year to be satisfactory.

The profit on ordinary activities before taxation was £2,668,000 (2015: £3,055,000).

Key risks and uncertainties

The principal risks of the business revolve around its ability to maintain the accommodation at the required standard and to manage the cost of carrying out the maintenance and building improvement and the ongoing provision of the soft services. Through 2016 the operational risks continued to be robustly addressed, without impact to the business performance.

Key performance indicators

The board monitors the performance of the company through the use of key performance indicators, which are related to financial performance, health and safety performance and a number of other factors. In addition, the contract requires detailed reporting to the client (MoD) with respect to performance measures covering a number of areas. In respect of the year ended 31 December 2016, the company's performance against these measures was satisfactory.

Financial performance

The company has modelled the anticipated financial outcome of the Project and develops detailed annual budgets, which are reviewed regularly. The company monitors actual financial performance against anticipated performance. As at 31 December 2016, the company's performance against these measures was satisfactory.

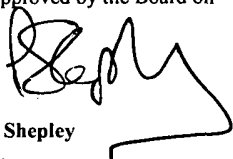
Safety performance

The company is committed to providing a safe environment for its employees and those impacted by its activities. In respect of the year ended 31 December 2016, the company's performance against these measures was satisfactory.

Approved by the Board on

27 October

2017 and signed on its behalf by:



P Shepley
Director

84 Salop Street
Wolverhampton
WV3 0SR

Directors' report

A dividend of £2,150,000 was paid during the year (2015: £950,000).

Directors

The directors serving during the year and subsequently were:

R Howson

R Lumby (Resigned 20 February 2017)

A Parker

P Shepley (Appointed 20 February 2017)

Employees

The company does not directly employ staff.

Staff are either employed through Aspire Defence Services Limited and charged to the company or paid by other direct Carillion legal entities.

Political donations

The company made no political donations during the year (2015: £nil).

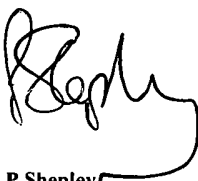
Disclosure of information to the auditor

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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 27 October 2017 and signed on its behalf by:



P Shepley
Director

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, 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), including FRS 101 Reduced Disclosure Framework.

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 LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Carillion (Aspire Services) Limited

We have audited the financial statements of Carillion (Aspire Services) Limited for the year ended 31 December 2016 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 auditors' 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 website 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 2016 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 is consistent with the financial statements.

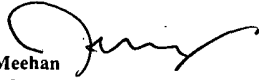
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.


Peter Meehan
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

27 October

2017

Profit and loss account
for the year ended 31 December 2016

		2016 £000	2015 £000
	<i>Note</i>		
Turnover	<i>1</i>	75,280	77,392
Cost of sales		(72,680)	(75,214)
Gross profit		2,600	2,178
Administrative expenses		(13)	(13)
Operating profit		2,587	2,165
Interest receivable and similar income	<i>3</i>	91	890
Interest payable and similar charges	<i>4</i>	(10)	-
Profit on ordinary activities before taxation	<i>2</i>	2,668	3,055
Taxation on ordinary activities	<i>7</i>	213	543
Profit for the financial year		2,881	3,598

All activities relate to continuing operations.

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 or losses in either the current or preceding financial year other than the profit or loss for those years.

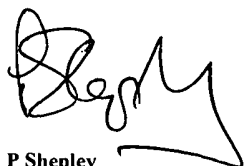
The notes on pages 10 to 14 form part of the financial statements.

Balance sheet
at 31 December 2016

	Note	£000	2016 £000	£000	2015 £000
Current assets					
Debtors	8	13,519		12,927	
Cash at bank and in hand		11,145		2,932	
		<u>24,664</u>		<u>15,859</u>	
Creditors: amounts falling due within one year	9	(19,757)		(11,683)	
Total assets less current liabilities (representing net current assets)			4,907		4,176
Net assets			<u>4,907</u>		<u>4,176</u>
Capital and reserves					
Called up share capital	10	-		-	
Profit and loss account		4,907		4,176	
Equity shareholder's funds			<u>4,907</u>		<u>4,176</u>

The notes on pages 10 to 14 form part of the financial statements.

These financial statements were approved by the Board of Directors on 27/10/2017 and were signed on its behalf by :



P Shepley
Director

Company registered number 05704254

Statement of changes in equity
for the year ended 31 December 2016

	Called up share capital £000	Profit and loss account £000	Total £000
Balance at 1 January 2015	-	1,528	1,528
Profit for the year	-	3,598	3,598
Transactions with owners			
Contributions and distributions to owners			
Dividends paid	-	(950)	(950)
Balance at 31 December 2015	<u>-</u>	<u>4,176</u>	<u>4,176</u>
Profit for the year	-	2,881	2,881
Transactions with owners			
Contributions and distributions to owners			
Dividends paid	-	(2,150)	(2,150)
Balance at 31 December 2016	<u><u>-</u></u>	<u><u>4,907</u></u>	<u><u>4,907</u></u>

The notes on pages 10 to 14 form part of the financial statements.

Carillion (Aspire Services) 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 preparation

Carillion (Aspire Services) Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Carillion PLC includes the Company in its consolidated financial statements. The consolidated financial statements of Carillion PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 84 Salop Street, Wolverhampton, WV3 0SR.

In these financial statements, the company has applied the exemptions under FRS101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effect of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- disclosures in respect of compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Carillion plc include the equivalent disclosures, the company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS7 Financial Instrument disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

No judgements have been made by the directors, in the application of these accounting policies that have significant effect on the financial statements and there are no estimates with a significant risk of material adjustment in the next year.

Joint operations

Where the company is party to a joint operation, the company accounts directly for its share of the revenue and expenditure, net assets and liabilities.

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 Strategic report.

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.

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to all customers including fellow subsidiary undertakings. In respect of long term contracting activities, turnover reflects the value of work executed during the year. It also includes the company's proportion of work carried out by joint arrangements during the year.

All turnover relates to services provided in the United Kingdom and to the company's only business segment, being construction services.

Notes (continued)

Profit recognition

Profit on long term contracts is calculated in accordance with applicable accounting standards. In determining the attributable profit on contracts to a particular accounting period the company utilises estimation techniques. The principal estimation technique used is the preparation of the profit and cash flow forecasts on a contract by contract basis which enables an assessment to be made of the final outturn on each contract. Profit is then recognised when the outcome of the contract can be foreseen with reasonable certainty and it attributed in line with the degree of completion of each contract. Where a loss is foreseen it is recognised in full immediately.

In preparing contract forecasts, a prudent and reasonable evaluation of claims is included in the assessment of the final outturn.

Taxation

Income tax comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes (continued)

2. Profit on ordinary activities before taxation:

2016	2015
£000	£000

Profit on ordinary activities is stated after charging:

Auditor's remuneration:

Audit of these financial statements

1	1
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Fees paid to the company's auditor, KPMG LLP 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. Interest receivable and similar income

2016	2015
£000	£000

Interest receivable from group undertakings

86 886

Bank interest receivable

5 4

91 890

4. Interest payable and similar charges

2016	2015
£000	£000

Interest payable to group undertakings

10 -

10 -

5. Directors' remuneration

The directors performed no material qualifying services for the company in respect of the current period and therefore received no emoluments.

6. Staff numbers and costs

The company does not directly employ staff.

Staff are either employed through Aspire Defence Services Limited and charged to the company or paid by other direct Carillion legal entities.

Notes (continued)

7. Tax on profit on ordinary activities

(a) Analysis of taxation credit in the year

UK corporation tax

	2016 £000	2015 £000
Current tax	66	274
Adjustment in respect of prior periods	(279)	(817)
Overseas tax	-	-
Total taxation credit on ordinary activities	(213)	(543)

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

The tax (credit) for the year is lower (2015: lower) than the standard rate of 20% (2015: 20.25%). The difference is explained below:

	2016 £000	2015 £000
Total tax reconciliation		
Profit on ordinary activities before taxation	2,668	3,055
Tax on profit on ordinary activities at 20% (2015: 20.25%)	534	619
Effects of:		
Group relief not paid for	(4)	(6)
Permanent differences	(464)	(339)
Adjustment in respect of previous periods	(279)	(817)
Tax credit for the year	(213)	(543)

(c) Factors that may affect future tax charges

The UK corporation tax rate reduced from 21% to 20% with effect from 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the company's future tax charge accordingly.

8. Debtors

	2016 £000	2015 £000
Trade debtors	413	7,309
Amounts owed by group undertakings	2,673	2,387
Corporation tax	83	-
Other debtors	10,350	3,231
	13,519	12,927

Amounts owed by group undertakings attract interest at a rate which reflects the cost of borrowing to the Group and are repayable on demand.

9. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	4,192	505
Amounts owed to group undertakings	6,487	141
Amounts owed to related parties	8,935	10,067
Corporation tax	-	274
Other tax and social security costs	109	20
Accruals and deferred income	34	676
	19,757	11,683

Amounts owed to group undertakings bear interest at a rate which reflects the cost of borrowing to the Group and are repayable on demand.

Notes (continued)

10. Called up share capital

	2016	2015
	£	£
Allotted, called up and fully paid:		
1 ordinary share of £1	<u>1</u>	<u>1</u>

11. Related party transactions

The company has the following related party transactions and balances with joint ventures within the Carillion plc group;

	Aspire Defence Services Limited £000
2016:	
Turnover	-
Purchases	54,778
Debtors	-
Creditors	8,935
2015:	
Turnover	-
Purchases	55,634
Debtors	-
Creditors	<u>10,067</u>

12. 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 84 Salop Street, Wolverhampton, WV3 0SR.