

The Expanded Piling Company Limited

**Directors' report and financial
statements**

Registered number 414814

31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The company's principal activities during the year were those of contract piling and associated works.

Business review

The company reports a profit on ordinary activities after taxation of £1,151,659 (1999: £853,680).

Proposed dividend

The directors proposed and paid a final dividend of £1,102,000 (1999: £954,957).

Payments to suppliers

The company does not adopt any specific code or standard, however, it is company policy to pay its suppliers in accordance with the terms and conditions agreed prior to the commencement of trading provided that the supplier has met its contractual obligations.

At the year end there were 42 days purchases in trade creditors.

Directors and directors' interests

The directors who held office during the year were as follows:

KF Bates
 JGG Bell
 RJ Markham
 RW Robinson
 ER Sharples (appointed 11 February 2000)
 P Webb (appointed 1 December 2000)

The interests of the directors who held office at the end of the financial year in the ordinary shares of Carillion plc are shown below.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as indicated below:

	At 31 December 2000			At 31 December 1999	
	Number of 50p ordinary share options	Number of 50p ordinary shares	Number of 50p ordinary share options granted during the year	Number of 50p ordinary Share Options	Number of 50p ordinary Shares
KF Bates	109,906	19,559	37,511	72,395	19,466
JGG Bell	26,110	13,903	-	26,110	13,903
ER Sharples	239,729	40,163	97,087	142,642	40,163
RJ Markham	25,120	263	-	25,120	263
P. Webb	-	-	-	-	-

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The interests of RW Robinson in the share capital of Carillion plc are disclosed in the directors' report of the parent company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



DO FitzHugh
Secretary

Birch Street
Wolverhampton
WV1 4HY

14 March 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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;
- 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 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

1 The Embankment
Neville Street
Leeds
LS1 4DW

Report of the auditors to the members of The Expanded Piling Company Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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. 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 2000 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

14 March 2001

Profit and loss account
for the year ended 31 December 2000

	<i>Note</i>	2000 £	1999 £
Turnover		17,332,129	13,911,081
Cost of sales		(14,405,452)	(11,835,930)
Gross profit		2,926,677	2,075,151
Administrative expenses		(1,216,025)	(932,056)
Operating profit		1,710,652	1,143,095
Interest receivable and similar income		11,230	135,253
Interest payable and similar charges	5	(76,923)	(25,081)
Profit on ordinary activities before taxation	2	1,644,959	1,253,267
Tax on profit on ordinary activities	6	(493,300)	(399,587)
Profit on ordinary activities after taxation		1,151,659	853,680
Proposed dividend		(1,102,000)	(954,957)
Profit/(loss) for the financial year		49,659	(101,277)
Retained profit brought forward		1,024,349	1,125,626
Retained profit carried forward		1,074,008	1,024,349

All recognised gains and losses have been included in the above profit and loss account.

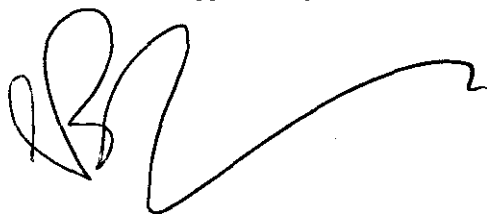
There is no difference between the company's result as reported and on a historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

Balance sheet
at 31 December 2000

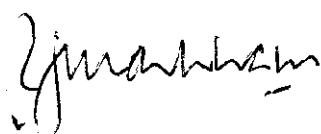
	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	7	1,504,218	1,650,017
Investments	8	85,000	84,884
		<u>1,589,218</u>	<u>1,734,901</u>
Current assets			
Stocks	9	124,956	166,657
Debtors	10	6,311,765	6,544,109
Cash at bank and in hand		658,336	204,652
		<u>7,095,057</u>	<u>6,915,418</u>
Creditors: amounts falling due within one year	11	<u>(7,150,510)</u>	<u>(7,094,238)</u>
Net current liabilities		<u>(55,453)</u>	<u>(178,820)</u>
Total assets less current liabilities		<u>1,533,765</u>	<u>1,556,081</u>
Creditors: amounts falling due after more than one year	12	<u>(322,898)</u>	<u>(394,873)</u>
Net assets		<u>1,210,867</u>	<u>1,161,208</u>
Capital and reserves			
Called up share capital	13	47,830	47,830
Share premium account	14	84,304	84,304
Other reserves	14	4,725	4,725
Profit and loss account		1,074,008	1,024,349
Equity shareholders' funds		<u>1,210,867</u>	<u>1,161,208</u>

These financial statements were approved by the board of directors on 14 March 2001 and were signed on its behalf by:

JGG Bell



RJ Markham
Directors



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 preparation

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

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of Carillion plc and its cash flows are included within the consolidated cash flow statement of that company.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Plant and equipment	-	4 to 8 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on purchase cost on a first in first out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Notes (continued)

1 Accounting policies (continued)

Long term contracts (continued)

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the value of work done during the year stated net of value added tax. All turnover is derived from the United Kingdom and arises from the principal activity.

Related party transactions

As the company is a wholly owned subsidiary of 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 the registered office of the company as set out in the directors' report.

There are no other related party transactions.

2 Profit on ordinary activities before taxation

	2000 £	1999 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	11,000	10,300
Depreciation and other amounts written off tangible fixed assets:		
- owned	82,114	77,500
- leased	127,294	65,874
Hire of plant and machinery - rentals payable under operating leases	2,639,881	2,728,468
Hire of other assets - operating leases	167,901	160,685
Profit on sale of tangible fixed assets	-	76,775
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of directors

	2000 £	1999 £
Directors' emoluments	229,399	224,597

	Number of directors	
	2000	1999
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	2	2

	2000 £	1999 £
Emoluments attributable to the highest paid director	119,056	116,523
Company contributions to pension schemes for the highest paid director	27,082	25,540

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Office and management	37	33
Labourers	114	108
	151	141

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	3,246,612	2,763,289
Social security costs	295,032	252,240
Other pension costs (see note 18)	182,174	194,728
	3,273,818	3,210,257

Notes (continued)

5 Interest payable and similar charges

	2000 £	1999 £
Finance lease interest	70,892	25,081
Other interest payable	6,031	-
	<u>76,923</u>	<u>25,081</u>

6 Taxation

	2000 £	1999 £
UK corporation tax at 30.00% (1999: 30.25 %)	488,600	355,400
Adjustment relating to prior years	(200)	-
Deferred tax	4,900	44,187
	<u>493,300</u>	<u>399,587</u>

7 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At beginning of year	880,997	3,156,064	162,517	4,199,578
Additions	-	63,609	-	63,609
Disposals	-	-	-	-
	<u>880,997</u>	<u>3,219,673</u>	<u>162,517</u>	<u>4,263,187</u>
At end of year	880,997	3,219,673	162,517	4,263,187
Depreciation				
At beginning of year	100,897	2,287,947	160,717	2,549,561
Charge for year	11,100	196,508	1,800	209,408
On disposals	-	-	-	-
	<u>111,997</u>	<u>2,484,455</u>	<u>162,517</u>	<u>2,758,969</u>
At end of year	111,997	2,484,455	162,517	2,758,969
Net book value				
At 31 December 2000	<u>769,000</u>	<u>735,218</u>	<u>-</u>	<u>1,504,218</u>
At 31 December 1999	<u>780,100</u>	<u>868,117</u>	<u>1,800</u>	<u>1,650,017</u>

The gross book value of freehold land and buildings includes £555,997 (1999: £555,997) of depreciable assets.

Notes (continued)

7 Tangible fixed assets (continued)

The net book value of plant and equipment includes £580,609 (1999: £707,903) in respect of assets held under finance leases.

8 Fixed asset investments

	2000 £	1999 £
Shares in subsidiary undertakings	85,000	84,884

The companies in which the company's interest is more than 10% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Nevrus (535) Limited	England and Wales	Non-trading	100% ordinary shares
Expanded Driven Piling Limited	England and Wales	Non-trading	100% ordinary shares

In the opinion of the directors the investments in, and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

9 Stocks

	2000 £	1999 £
Raw materials and consumables	124,956	166,657

10 Debtors

	2000 £	1999 £
Amounts recoverable on contracts	2,365,810	2,246,190
Amounts owed by parent and fellow subsidiary undertakings	3,539,079	4,188,195
Amounts owed by undertaking in which the company has a participating interest	240,149	-
Other debtors	111,975	21,637
Prepayments and accrued income	39,052	67,687
Deferred tax	15,700	20,400
	6,311,765	6,544,109

Notes (continued)

10 Debtors (continued)

Of the trade debtors, £Nil (1999: £136,084) represents amounts falling due after more than one year. Of the amounts owed by parent and fellow subsidiary undertakings, £2,745,000 (1999: £2,865,000) relates to amounts falling due after more than one year.

11 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,391,582	1,436,439
Obligations under finance leases	96,536	169,093
Amounts owed to group undertakings	3,358,154	3,733,845
Corporation tax and Group Relief	838,715	350,115
Other taxes	230,557	93,462
Other creditors	13,207	89,418
Accruals	1,221,759	1,221,866
	<u>7,150,510</u>	<u>7,094,238</u>

12 Creditors : amounts falling due after more than one year

	2000 £	1999 £
Obligations under finance leases	<u>322,898</u>	<u>394,873</u>

The maturity of obligations under finance leases is as follows:

	2000 £	1999 £
Within one year	96,536	169,093
In the second to fifth years	<u>322,898</u>	<u>394,873</u>
	<u>419,434</u>	<u>563,966</u>

13 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
95,275 Ordinary shares of £1 each	95,275	95,275
4,725 Preference shares of £1 each	<u>4,725</u>	<u>4,725</u>
	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
47,830 Ordinary shares of £1 each	<u>47,830</u>	<u>47,830</u>

Notes (continued)

14 Other reserves

	Other reserves	Share premium account
	£	£
At beginning and end of year	4,725	84,304

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2000 Other	1999 Other
	£	£
Operating leases which expire:		
Within one year	13,390	28,740
In the second to fifth years inclusive	49,827	71,985
	<u>63,217</u>	<u>100,725</u>

16 Provisions for liabilities and charges

	Deferred Taxation £
At beginning of year (asset)	20,400
Charged in the year	(4,700)
At end of year (asset)	<u>15,700</u>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2000 Provided £	2000 Unprovided £	1999 Provided £	1999 Unprovided £
Difference between accumulated depreciation and amortisation and capital allowances (asset)	<u>15,700</u>	<u>20,500</u>	<u>20,400</u>	<u>-</u>

Notes (continued)

17 Contingent liabilities

The company has given performance bonds in respect of certain contract work undertaken in the normal course of business.

18 Pension scheme

The pension schemes to which the company contributes are of the defined benefit type and are for the benefit of all relevant employees of Carillion PLC and its UK subsidiary and associated undertakings ("the group"). The assets of the schemes are held in trustee administered funds separate from those of the group. Details of the latest actuarial valuation of the principal schemes are given in the group's consolidated financial statements. The contributions to the schemes made by the company represent the regular cost of providing the benefits without any recognition of fund surpluses or deficits which are dealt with by Carillion PLC.

19 Reconciliation of movements in shareholders funds

	2000 £000	1999 £000
Profit for the financial year	1,151,659	853,680
Dividend	(1,102,000)	(954,957)
	<hr/>	<hr/>
Net addition to/(reduction in) shareholders' funds	49,659	(101,277)
Opening shareholders' funds	1,161,208	1,262,485
	<hr/>	<hr/>
Closing shareholders' funds	1,210,867	1,161,208
	<hr/>	<hr/>

20 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Carillion plc registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Carillion plc. The smallest group in which they are consolidated is that headed by Carillion plc registered in England and Wales. The consolidated accounts of Carillion plc are available to the public and can be obtained from the registered office of the company as set out in the directors' report.