Carillion Fleet Management Limited

Annual report and financial statements

Registered number 537677

For the year ended 31 December 2016

Contents

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 wholly owned subsidiary of Carillion plc and its principal activities are those of fleet management within the United Kingdom. This includes the provision of vehicles and the in-life management of servicing, maintenance and accident and incident management. There have not been any significant changes in the company's activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

Business review

Turnover has increased by 8% in comparison with the prior year to £41,117,000 (2015 £38,090,000) which was due to an increase in volumes with Carillion Group subsidiary companies and joint ventures Profit on ordinary activities before taxation has increased to £15,919,000 (2015 £12,669,000) reflecting effective cost management

Principal risks and uncertainties

The company supplies services to other Carillion plc Group companies and a number of unrelated entities The majority of it's turnover is with Carillion Group subsidiary companies and as such contracts are secure as a result of Group policy to use Carillion Fleet Management as sole supplier. Volumes are subject to contract wins and losses elsewhere in the Carillion Group as this drives the demand for vehicle numbers

The company maintains customer management plans and holds regular contract reviews to ensure that both inter group and third party contracts are properly managed and we meet customer expectations.

The company supplies ancillary services as part of the contracts The volume and profitability of these services are closely managed and where appropriate are managed in accordance with client policies.

The Company sells its services into the UK market only It is therefore exposed to the fluctuations of this economy.

Where appropriate, the company manages this risk with long term contracts, seeking to secure three year contract terms. The company's business may be affected by fluctuations in the price and supply of key skills and supplies, although purchasing policies and practices seek to mitigate, where practicable, such risks.

The company is financed by Group borrowings and its own working capital. Interest is charged on a daily basis on Group borrowings at a market rate. It has no third party debt. The Group risks to which Carillion Fleet Management Limited is exposed are discussed in Carillion's Annual Report which does not form part of this Report.

Approved by the Board on 7 September 2017 and signed on its behalf by:

Z Khan
Director

84 Salop Street
Wolverhampton
WV3 0SR

Directors' report

Directors
The directors serving during the year and subsequently were:

LJ Mills
RJ Adam (Resigned 31 October 2016)
Z Khan (Appointed 31 October 2016)

Dividends
During the year, an interim dividend of £7,500,000 was paid to Carillion plc (2015: £12,000,000). The directors do not recommend the payment of a final dividend (2015: £nil).

Employees
Communication and consultation with employees takes place, as appropriate, as part of the normal pattern of everyday operations. Employees receive regular publications, such as "Spectrum", which provides information on activities throughout the Carillion Group and is published several times a year.

The establishment and maintenance of safe working practices at all work places are of greatest importance to the company and special training in health and safety is provided for all employees. The company is an active and enthusiastic supporter of training schemes of all types and is providing valuable training and experience to a large number of younger people, as well as increasing its own training commitment to full time employees.

Equal opportunities
The company is an equal opportunities employer. It is the policy of the company to give the fullest consideration to the employment needs of all prospective and existing employees. Carillion continually strives to eliminate all bias and unlawful discrimination in relation to job applicants, employees, business partners and members of the public. Full consideration is given to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position and wherever possible to retrain employees who become disabled, so that they can continue in their employment in another position.

Special attention is given to interviewing, selection, recruitment and training to ensure that there is effective implementation of company policy. Promotion is based upon ability, merit and performance taking into account the future needs of the company. Where necessary, training is carried out to assist employees to develop their full potential. All aspects of employment are regularly reviewed by management to ensure this policy is achieved.

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 7 September 2017 *and signed on its behalf by:*

Z Khan
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 judgements 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 Fleet Management Limited

We have audited the financial statements of Carillion Fleet Management Limited for the year ended 31 December 2016 set out on pages 7 to 16. 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 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 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

7 September 2017

Profit and loss account
for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	*1*	**41,117**	38,090
Cost of sales		**(22,404)**	(22,844)
Gross profit		**18,713**	15,246
Administrative expenses		**(3,108)**	(2,938)
Operating profit		**15,605**	12,308
Interest receivable and similar income	*5*	**314**	361
Profit on ordinary activities before taxation	*2*	**15,919**	12,669
Tax on profit on ordinary activities	*6*	**(2,260)**	(1,857)
Profit for the financial year		**13,659**	10,812

All activities relate to continuing 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 for those years.

The notes on pages 10 to 16 form part of these financial statements.

Balance sheet
at 31 December 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	*8*		**18**		82
Current assets					
Debtors	*9*	**19,555**		17,270	
Cash at bank and in hand		**-**		340	
		19,555		17,610	
Creditors: amounts falling due within one year	*10*	**(7,765)**		(12,043)	
Net current assets			**11,790**		5,567
Net assets			**11,808**		5,649
Capital and reserves					
Called up share capital	*12*		**-**		-
Profit and loss account			**11,808**		5,649
Equity shareholder's funds			**11,808**		5,649

The notes on pages 10 to 16 form part of these financial statements.

These financial statements were approved by the Board of Directors on 7 September 2017 and were signed on its behalf by:

Z Khan
Director

Company registered number 537677

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	-	6,837	6,837
Profit for the year	-	10,812	10,812
Transactions with owners			
Contributions and distributions to owners			
Dividends paid	-	(12,000)	(12,000)
Balance at 31 December 2015	-	5,649	5,649
Profit for the year	-	13,659	13,659
Transactions with owners			
Contributions and distributions to owners			
Dividends paid	-	(7,500)	(7,500)
Balance at 31 December 2016	-	11,808	11,808

Carillion Fleet Management 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 Fleet Management 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 Internation 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.

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.

Tangible fixed assets
Depreciation is based on historical cost or revaluation, less the estimated residual values, and the estimated economic lives of the assets concerned. Freehold land is not depreciated. Other tangible assets are depreciated in equal annual instalments over the period of their estimated economic lives, which are principally as follows.

Plant, machinery, vehicles, and computer equipment	3-10 years

Notes *(continued)*

1. Principal accounting policies *(continued)*

Turnover

Turnover represents the net amount receivable, excluding value added tax. for goods and services supplied to all customers including fellow subsidiary undertakings

Turnover excludes the recharge of the vehicle lease rental costs incurred in the company's capacity as disclosed agent for the lessor of the vehicles

Leased assets

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Any lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

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

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded using the contracted exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Pensions

For defined contribution pension schemes, amounts payable are charged to the profit and loss account as incurred.

Notes *(continued)*

2. Profit on ordinary activities before taxation

	2016	2015
Profit on ordinary activities before taxation is stated after charging/(crediting)	**£000**	£000
Depreciation of tangible fixed assets:		
-Owned	**52**	65
Operating lease rentals:		
-Plant and machinery	**31**	31
(Profit)/loss on disposal of fixed assets	**(31)**	1

The audit fee for the year ended 31 December 2016, amounting to £8,100 (2015: £8,100) was borne by Carillion Construction Limited, a fellow group subsidiary.

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. Staff numbers and costs

The average numbers of employees, excluding directors, during the year was 36 (2015: 36). All employees were employed in an administrative function.

The aggregate payroll costs of these persons were as follows:	**2016**	2015
	£000	£000
Wages and salaries	**1,119**	1,153
Social security costs	**116**	102
Other pension costs	**112**	100
	1,347	1,355

4. *Directors' remuneration*

The directors perfomed no material qualifying services for the company in respect of the current period and therefore received no emoluments (2015: £Nil)

5. Interest receivable and similar income

	2016	2015
	£000	£000
Interest receivable from Group undertakings	**314**	361
	314	361

Notes *(continued)*

6. Tax on profit on ordinary activities

(a) Analysis of taxation charge in the year

	2016	2015
	£000	£000
UK corporation tax		
Current tax	**2,335**	1,857
Adjustment in respect of prior periods	**(110)**	(50)
Total current taxation	**2,225**	1,807
Deferred taxation		
Accelerated capital allowances	**35**	39
Adjustment in respect of change in rate	**-**	11
Total deferred taxation	**35**	50
Total taxation on profit on ordinary activities	**2,260**	1,857

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

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

	2016	2015
	£000	£000
Total tax reconciliation		
Profit on ordinary activities before taxation	**15,919**	12,669
Tax on profit on ordinary activities at 20% (2015 20 25%)	**3,184**	2,565
Effects of:		
Permanent differences	**(814)**	(669)
Adjustment in respect of prior periods	**(110)**	(50)
Adjustment in respect of change in rate	**-**	11
Total tax charge for the year	**2,260**	1,857

(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

The deferred tax asset at 31 December 2016 has been calculated based on these rates

Notes *(continued)*

8. Tangible fixed assets

	Plant, machinery, vehicles and computer equipment £000
Cost	
At beginning of year	5,820
Disposals	(49)
At end of year	**5,771**
Depreciation	
At beginning of year	5,738
Charge for the year	52
Disposals	(37)
At end of year	**5,753**
Net book value	
At 31 December 2016	**18**
At 1 January 2016	82

9. Debtors

	2016 £000	2015 £000
Trade debtors	**59**	193
Amounts owed by group undertakings	**13,576**	12,731
Amounts owed by jointly controlled operations	**728**	569
Amounts owed by joint ventures	**1,077**	614
Other debtors	**1,236**	110
Prepayments and accrued income	**2,706**	2,845
Deferred tax asset (note 11)	**173**	208
	19,555	17,270

Amounts owed by group undertakings attract interest at a rate which reflects the cost of borrowing to the Group.

Notes *(continued)*

10. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	1,284	1,939
Bank overdraft	430	-
Amounts owed to group undertakings	975	4,411
Corporation tax	2,336	1,857
Other tax and social security costs	782	1,000
Other creditors	313	135
Accruals and deferred income	1,646	2,701
	7,766	12,043

11. Deferred taxation	2016	2015
	£000	£000
At the beginning of the year	208	258
Transfer to profit and loss account	(35)	(50)
At the end of the year	173	208

The elements of deferred taxation are as follows

	2016	2015
	£000	£000
Accelerated capital allowances	173	208
	173	208

The deferred tax asset is disclosed in debtors (note 9)

12. Called up share capital	2016	2015
	£	£
Allotted, called up and fully paid.		
190 ordinary shares of £1 each	190	190

Notes *(continued)*

13. Commitments under operating leases

Total commitments under non-cancellable operating leases are as follows.

	Plant and Machinery	
	2016	*2015*
	£000	£000
Operating lease rentals payable.		
Within one year	**70**	31
In the second to fifth year inclusive	**142**	37
	212	68

14. Pensions

The company's employees are members of a larger pension scheme, the Carillion Staff Pension Scheme, providing benefits based on final pensionable pay. The principal employer of this scheme is a fellow subsidiary of the Carillion Plc Group, with the scheme accounted for in these financial statements as if it is a defined contribution scheme

The latest actuarial valuation was completed as at 31 December 2013 using the defined accrued benefits method by a qualified independent actuary. The market value of the scheme's assets were £610 million which represented approximately 82 per cent of the *benefits that had accrued to the members at that date on an on-going basis, after allowing for assumed future increase in salaries.* The next actuarial valuation of the scheme by the Trustee's independent actuary will be as at 31 December 2016.

As at 31 December 2016, the scheme had a net deficit of £193 7 million (2015. £77 1 million) on the basis of IAS 19 'Retirement Benefits'.

There were no contributions outstanding in respect of defined contribution schemes *(2015: £nil)*

15. Related party transactions

As a wholly-owned subsidiary of Carillion plc, the company has taken advantage of the exemption under FRS 101 not to provide information on related party transactions with other undertakings within the Carillion Group Note 16 gives details of how to obtain a copy of the published financial statements of Carillion plc.

Sales between the company and joint ventures within the Carillion Group amounted to:

	2016		2015	
	Sales	**Debtor**	Sales	Debtor
	£000	**£000**	£000	£000
CarillionAmey Limited	**3,079**	**773**	3,492	328
Carillion Eltel JV Limited	**-**	**-**	14	4
Aberdeen Roads Holding Limited	**2,374**	**304**	802	282
	5,453	**1,077**	4,308	614

16. 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.