

Carillion Utility Services Limited

Directors' report and financial statements

Registered number 00728599

For the year ended 31 December 2010

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Directors' report

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

Principal activities

The principal activity of the company is the nationwide multi service provision for major utility clients within the gas, water electricity and telecoms sector. The service provision in each sector ranges from feasibility and design through to delivery of infrastructure works for asset refurbishment or new build purposes. The company's capability extends from emergency cover, through repair, maintenance and renewal and includes metering capacity.

Business review

Canllion Utility Services Limited is part of Canllion plc, a £5 billion support services and construction company, employing c. 46,000 people worldwide. The principal markets of the company include:

Gas – The Company provides emergency and network services mains repair, replacement, maintenance and connections services.

Water – The company provides network repair and maintenance, strategic pipeline distribution mains and flooding works services.

Electricity – The company provides a full service provision from Low Voltage ("LV") up to and including 400kV. This includes overhead lines, sub-station and cable projects and cable term contracts.

Telecommunications – Within the telecoms sector the company provides design, installation, commissioning and maintenance of underground, overhead and wireless networks. Examples of work include installation of street furniture, commissioning and integration, wireless network and fibre laying and installation.

Metering - Metering services is a discrete business unit which provides services for the installation, replacement or repair of domestic gas and electric meters, and has been involved in the installation of smart meters on various trials and for commercial customers.

Multi-Utility - The business combines skills and knowledge from the above sectors and offers a multi-utility service to major projects and developments.

As a result of the liquidation of group companies and the write off of intercompany balances the Company has a surplus on liquidation of £39,110,000 (2009: nil).

Profit and dividends

Profit before taxation on ordinary activities was £27,663,000 (2009: £8,570,000 loss).

The business has seen an element of growth in the year through its interest in the Canllion telent JV which has contributed turnover of £174.1 million (2009: £9.0 million), whilst revenue on other contracts has reduced following their completion during the year. The operating loss in the year includes mobilisation costs on the Canllion telent JV contract and increased costs of bidding for new work. The company continues to target organic growth and has a number of identified pipeline opportunities to continue to extend its operations over the short to medium term. No dividends were paid or proposed during the year (2009: £nil).

Creditor payment policy

The company does not adopt any specific code or standard, however it is the company's 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. The number of days credit outstanding to suppliers at the year end was 36 days (2009: 84 days).

Principal risks

The principal risks and uncertainties facing the business include the following

- The ability to win contracts consistent with our target margins in markets that are more competitive In response, the Company continually seeks to differentiate its offering by reviewing its competitive strategy and target markets, listens to customers in order to develop services that meet their needs and focus on efficiency and cost reduction to remain competitive
- Attracting, developing and retaining excellent people for delivery of contracts and work winning In response, Carillion plc has developed and implemented leadership, personal development and employee engagement programmes that encourage and support all employees to achieve their full potential

Directors

The directors serving during the year and subsequently were

J McDonough	
RJ Adam	
GM Carr	appointed 23 September 2010
DM Holmes	resigned 23 September 2010
JJ Ledwidge	
SW Hudson	
A Wilkins	resigned 1 April 2010
P Jones	
MR Routledge	appointed 23 September 2010
AR Gates	resigned 5 March 2010

Employees

The majority of employees are based at site on contracts Communication and consultation within the working teams 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 re-train 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

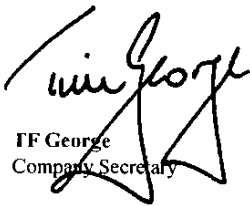
Disclosure of information to auditors

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 03 June 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 Utility Services Limited

We have audited the financial statements of Carillion Utility Services Limited for the year ended 31 December 2010 set out on pages 9 to 17. 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 6, 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 to 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 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 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
03 June 2011

Profit and loss account
for the year ended 31 December 2010

		2010	2009
		£000	£000
Turnover	<i>Note 1</i>	265,568	192 337
Cost of sales		(255,651)	(183 514)
Gross profit		<u>9,917</u>	<u>8 823</u>
Administrative expenses		(19,942)	(15 304)
Operating loss		<u>(10,025)</u>	<u>(6 481)</u>
Exceptional items	5	<u>39,110</u>	<u>-</u>
Operating profit after exceptional items		29,085	(6 481)
Interest receivable and similar income	6	-	191
Interest payable and similar charges	7	(1,422)	(2,280)
Profit/(loss) on ordinary activities before taxation		<u>27,663</u>	<u>(8 570)</u>
Tax on profit/(loss) on ordinary activities	8	<u>3,422</u>	<u>(2,275)</u>
Profit/(loss) for the financial year	17	<u><u>31,085</u></u>	<u><u>(10 845)</u></u>

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

Balance sheet
at 31 December 2010

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	9	2,423	2,368
Investments	10	2	126
		<u>2,425</u>	<u>2,494</u>
Current assets			
Stocks	11	1,797	1,383
Debtors	12	270,507	269,967
Cash at bank and in hand		19,209	-
		<u>291,513</u>	<u>271,350</u>
Creditors amounts falling due within one year	13	<u>(314,240)</u>	<u>(322,850)</u>
Net current liabilities		(22,727)	(51,500)
Creditors amounts falling due after more than one year	14	-	(2,381)
Net liabilities		<u>(20,302)</u>	<u>(51,387)</u>
Capital and reserves			
Called up share capital	16	110	110
Share premium	17	75	75
Profit and loss account	17	(20,487)	(51,572)
Equity shareholders' funds	18	<u>(20,302)</u>	<u>(51,387)</u>

These financial statements were approved by the Board of Directors on 03 June 2011 and were signed on its behalf by



JJ Ledwidge
Director

Company registered number 00728599

Carillion Utility 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 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 current liabilities of £22.7 million and net liabilities of £20.3 million, 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. The Group renegotiated the banking facilities in February 2011 to continue to cover this requirement. 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.

The comparative analysis of notes 11 and 12 has been represented to provide enhanced disclosure. The revised presentation has no impact on the balance sheet totals presented within the primary statements.

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.

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

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:

Freehold buildings	40-50 years
Leasehold buildings and improvements	Period of lease
Plant, machinery and vehicles	3-10 years

Assets held under finance leases are depreciated over the shorter of the term of the lease or the expected useful life of the asset.

Fixed asset investments

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

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value.

Long-term contracts

When the outcome of a long-term contract can be assessed with reasonable certainty, contract turnover and costs are recognised by reference to the degree of completion of each contract, as measured by the proportion of total costs at the balance sheet date to the estimated total cost of insurance claims, incentive payments, and variations arising from long-term contracts are included where they have been agreed with the customer. The principal estimation technique used by the Group in attributing profit on long-term contracts to a particular period is the preparation of forecasts on a contract by contract basis. These focus on revenues and costs to complete and enable an assessment to be made of the final outcome of each contract. Consistent contract review procedures are in place in respect of contract forecasting.

When it is probable that total contract costs will exceed total contract turnover the expected loss is recognised immediately. Contract costs are recognised as expenses in the period in which they are incurred.

Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is shown as amounts recoverable on contracts within debtors. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as payments received on account within creditors.

Joint arrangements

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

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.

Leased assets

Rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of each lease. The company has finance lease arrangements on behalf of other group undertakings. The assets relating to the finance leases are included in the financial statements of the group undertakings concerned, as permitted under SSAP 21 "Accounting for leases and hire purchase contracts". The capital element of outstanding finance leases and hire purchase contracts is included in creditors. The finance charge element of rentals is charged to the profit and loss account at a constant periodic rate of charge on the outstanding obligations.

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 FRS 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.

Pensions

Pension costs are recognised in the financial statements in accordance with the requirements of FRS 17 "Retirement benefits". Carillion plc, the company's ultimate parent undertaking, administers and takes advice on the group's pension schemes. Regular pension costs in respect of the group's defined benefit pension schemes are established in accordance with the recommendations of independent actuaries and are charged to the profit and loss account based on the current service cost to the group.

In respect of the schemes where the assets and liabilities relating to the company cannot be readily ascertained on a reasonable and consistent basis as the schemes are for the benefit of the Carillion Group as a whole, the company accounts for the scheme as if they were defined contribution schemes.

Contributions in respect of defined contribution schemes are charged to the profit and loss account as incurred.

Notes (continued)

2 Profit/(loss) on ordinary activities before taxation

	2010 £000	2009 £000
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets		
-Owned	875	407
Operating lease rentals		
-Plant and machinery	11,723	19,147
-Other	496	842
Amortisation of goodwill	-	4,135
(Profit)/loss on disposal of fixed assets	-	(251)

The audit fee for the year ended 31 December 2010 amounting to £500 (2009 £13,000) 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 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	
	2010	2009
Production	517	988
Administrative	915	280
	<u>1,432</u>	<u>1,268</u>

	2010 £000	2009 £000
The aggregate payroll costs of these persons were as follows		
Wages and salaries	33,769	24,016
Social security costs	3,214	2,220
Other pension costs	1,591	1,664
	<u>38,574</u>	<u>27,900</u>

4 Directors' remuneration

Certain directors of the company, who served during the financial year, are directors of the company's ultimate parent company and as such, details regarding remuneration are disclosed in the financial statements of Carillion plc. The remaining directors are directors or employees of Carillion Construction Limited and are remunerated from that company. For those directors which are employees of Carillion Construction Limited and their remuneration is not disclosed in the financial statement of Carillion Construction Limited their role as director of Carillion Utility Services Limited is of a non executive director and no remuneration is apportioned to the company.

5 Exceptional items

	2010 £000	2009 £000
Surplus on liquidation of group undertakings	<u>39,110</u>	-
	<u>39,110</u>	-

The surplus on liquidation of group undertakings £39,110,000 (2009 nil) relates to the write off of amounts owed to group undertakings and the write off of the cost of investment in subsidiary undertakings which were liquidated during the year

6 Interest receivable and similar income

	2010 £000	2009 £000
Bank interest receivable	-	191
	<u>-</u>	<u>191</u>

Notes (continued)

7 Interest payable and similar charges

	2010	2009
	£000	£000
Interest payable to head office	1,282	2,144
Interest payable on external borrowings	140	136
	<u>1,422</u>	<u>2,280</u>

8 Tax on profit on ordinary activities

(a) Analysis of taxation (credit)/charge in the year

	2010	2009
	£000	£000
UK corporation tax		
Current tax	(2,718)	(1,944)
Adjustment in respect of prior periods	1,416	4,076
Total current taxation	<u>(1,302)</u>	<u>2,132</u>
Deferred taxation		
Accelerated capital allowances	364	-
Origination and reversal of timing differences	(2,800)	420
Adjustment in respect of prior periods	23	(277)
Adjustment in respect of change in rate	293	-
Total deferred taxation	<u>(2,120)</u>	<u>143</u>
Total taxation on profit/(loss) on ordinary activities	<u>(3,422)</u>	<u>2,275</u>

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

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

	2010	2009
	£000	£000
Current tax reconciliation		
Profit/(loss) on ordinary activities before taxation	<u>27,663</u>	<u>(8,570)</u>
Tax on profit/(loss) on ordinary activities at 28% (2009 28%)	7,746	(2,399)
Effects of		
Permanent differences	842	9
Capital allowances in excess of depreciation	(364)	(662)
Adjustment in respect of previous periods	1,416	4,076
Ineligible fixed asset movements	9	(50)
Goodwill amortisation	-	1,158
Adjustment in respect of exceptional item	(10,951)	-
Current tax (credit)/charge for the year	<u>(1,302)</u>	<u>2,132</u>

(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)

9 Tangible fixed assets

	Land and buildings	Plant, machinery and vehicles	Total
	£000	£000	£000
Cost			
At beginning of year	230	9,992	10,222
Additions	-	1,097	1,097
Disposals	(230)	(7,479)	(7,709)
At end of year	-	3,610	3,610
Depreciation			
At beginning of year	199	7,655	7,854
Charge for the year	31	844	875
Disposals	(230)	(7,312)	(7,542)
At end of year	-	1,187	1,187
Net book value			
At 31 December 2010	-	2,423	2,423
At 31 December 2009	31	2,337	2,368

10 Investments

	Shares in subsidiary undertakings	Shares in participating interests	Loans to participating interests	Total
	£000	£000	£000	£000
Cost				
At beginning of year	801	1	1	803
Disposal	(801)	-	-	(801)
At year end	-	1	1	2
Provisions				
At beginning and end of year	(677)	-	-	(677)
Reversal	677	-	-	677
At year end	-	-	-	-
Net book value				
At 31 December 2010	-	1	1	2
At 31 December 2009	124	1	1	126

During the year UK Power Construction, Swanbeach and Kennedy Utility Services (Scotland) Limited were liquidated

11 Stocks	2010 £000	2009 £000
Raw materials and consumables	1,797	1,383

Notes (continued)

12 Debtors

	2010	Restated 2009
	£000	£000
Trade debtors	9,557	13,382
Contract debtors	32,344	30,639
Amounts owed by group undertakings	200,514	214,688
Corporation tax	3,246	1,944
Other debtors	5,130	-
Prepayments and accrued income	11,803	3,521
Deferred tax asset (note 15)	7,913	5,793
	<u>270,507</u>	<u>269,967</u>

Included within debtors are the following amounts falling due after more than one year

	2010	2009
	£000	£000
Deferred taxation	7,913	5,793
	<u>7,913</u>	<u>5,793</u>

Amounts owed by fellow group undertakings bear interest at a rate which reflects the cost of borrowing to the group

13 Creditors amounts falling due within one year

	2010	Restated 2009
	£000	£000
Bank overdraft	-	6,796
Trade creditors	25,137	36,360
Contract creditors	9,873	6,404
Amounts owed to group undertakings	245,911	266,110
Other tax and social security costs	5,695	3,299
Other creditors	12,828	3,881
Accruals and deferred income	14,796	-
	<u>314,240</u>	<u>322,850</u>

14 Creditors amounts falling due after more than one year

	2010	2009
	£000	£000
Amounts owed to group undertakings	-	2,381
	<u>-</u>	<u>2,381</u>

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

15 Deferred taxation

	£000
At the beginning of the year	5,793
Transfer to profit and loss account	2,120
At the end of the year	<u>7,913</u>

The elements of deferred taxation are as follows

	2010	2009
	£000	£000
Accelerated capital allowances	1,592	2,038
Losses	6,321	3,755
	<u>7,913</u>	<u>5,793</u>

The deferred tax asset is disclosed in debtors (note 12)

16 Called up share capital

	2010	2009
	£000	£000
Allotted, called up and fully paid		
110,000 ordinary shares of £1 each	<u>110</u>	<u>110</u>

Notes (continued)

17 Reserves

	Share premium account	Profit and loss account	Total
	£000	£000	£000
At beginning of year	75	(51,572)	(51,497)
Profit for the financial year	-	31,085	31,085
At the end of the year	<u>75</u>	<u>(20,487)</u>	<u>(20,412)</u>

18 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Profit/(loss) for the financial year	<u>31,085</u>	(10,845)
Net increase in equity shareholders' funds	31,085	(10,845)
Equity shareholders' funds at the beginning of the year	(51,387)	(40,542)
Equity shareholders' funds at the end of the year	<u>(20,302)</u>	<u>(51,387)</u>

19 Commitments under operating leases

Annual commitments under non-cancellable operating leases as follows

	2010		2009	
	Land & buildings	Other	Land & buildings	Other
	£000	£000	£000	£000
Operating leases which expire				
Within one year	96	-	-	-
In the second to fifth year inclusive	36	1,094	127	1,975
After five years	345	-	597	-
	<u>477</u>	<u>1,094</u>	<u>724</u>	<u>1,975</u>

20 Pensions

The company operates two defined contribution schemes. The contributions paid into the Canllion Utility Services Limited (2003) Plan for the year amounted to £56,421 (2009: £189,868). The contributions paid into the Canllion Utility Services Group Limited Personal Pension Plan for the year amounted to £71,432 (2009: £102,300). In addition, the company paid contributions of £749,210 (2009: £1,308,803) to pension schemes operated by other Canllion plc subsidiaries.

21 Related party transactions

As a wholly-owned subsidiary of Canllion plc, the company has taken advantage of the exemption under FRS 8 'Related party disclosures' not to provide information on related party transactions with other undertakings within the Canllion Group. Note 22 gives details of how to obtain a copy of the published financial statements of Canllion plc.

22 Controlling and parent companies

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

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