

**The Carillion Construction Company (East Africa)
Limited**

**Directors' report and financial
statements**

Registered number 775010

Year ended 31 December 2008



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities and business review

The company has not traded since 2006 and the directors do not foresee any changes in activities in the future.

Results

The loss for the year is disclosed in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (2007: £Nil).

Directors

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

DJ Booth	(resigned 30 April 2008)
Carillion Management Limited	(resigned 3 September 2008)
RW Robinson	
J McDonough	
RJ Adam	

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 each 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.

Auditors

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.

By order of the board

UTCp

RF Tapp
Secretary

24 Birch Street
Wolverhampton
WV1 4HY

31 March 2009

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).

The financial statements are required by law to 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 proper accounting records that 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

2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

Independent auditors' report to the members of The Carillion Construction Company (East Africa) Limited

We have audited the financial statements of The Carillion Construction Company (East Africa) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of The Carillion Construction Company (East Africa) Limited (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

31 March 2009

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £	2007 £
Turnover		-	-
Operating costs		<u>(2,337)</u>	<u>(927)</u>
Operating loss before taxation	2	(2,337)	(927)
Tax on loss on ordinary activities	5	<u>(8,494)</u>	<u>269,966</u>
(Loss)/profit for the financial year	8	<u>(10,831)</u>	<u>269,039</u>

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

Reserve movements are given in note 8.

Balance sheet
at 31 December 2008

	<i>Note</i>	2008		2007	
		£	£	£	£
Current assets					
Cash at bank and in hand		2,939		4,724	
Creditors: amounts falling due within one year	6	(410,426)		(404,165)	
Net current liabilities			407,487		(399,441)
Net liabilities			(407,487)		(399,441)
Capital and reserves					
Called up share capital	7	100,000		100,000	
Profit and loss account	8	(507,487)		(499,441)	
Shareholders' deficit	9	(407,487)		(399,441)	

These financial statements were approved by the board of directors on 31 March 2009 and were signed on its behalf by:



RJ Adam
 Director

Statement of total recognised gains and losses
for the year ended 31 December 2008

	<i>Note</i>	2008 £	2007 £
(Loss)/profit for the financial year		(10,831)	269,039
Currency translation	8	2,785	(5)
Total recognised gains and losses relating to the financial year		<u>(8,046)</u>	<u>269,034</u>

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 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 financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £407,487, 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 indicated that for at least twelve 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. 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.

Cash flow statement

Under FRS 1 (revised 1996) 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.

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.

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.

2 Operating loss

The audit fee for the year ended 31 December 2008 amounting to £2,000 (2007: £3,000) was borne by Carillion Construction Limited, a fellow group subsidiary.

Fees paid to the company's auditor, KPMG Audit Plc, and its associates for other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the company's parent, Carillion plc, are required to disclose non-audit fees on a consolidated basis.

3 Directors' emoluments

The directors received no emoluments from The Carillion Construction Company (East Africa) Limited during the year.

Notes (continued)

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	
	2008	2007
Direct labour and operatives	1	1

The aggregate payroll of these persons was as follows:

	£	£
Wages and salaries	868	661

5 Tax on loss on ordinary activities

Analysis of charge/(credit) for the year

	2008 £	2007 £
Overseas tax		
Current tax	128	(7,275)
Adjustments in respect of prior periods	8,366	(262,691)
Total current tax	8,494	(269,966)

Factors affecting tax charge/(credit) for the year

The tax assessed differs from the application of the standard rate of corporation tax in the UK of 28.5% (2007: 30%) to the company's loss before taxation for the following reasons:

	2008 £	2007 £
Current tax reconciliation		
Loss on ordinary activities before tax	(2,337)	(927)
Loss on ordinary activities at 28.5% (2007: 30%)	(666)	(278)
Effects of:		
Permanent differences	794	(6,997)
Adjustment in respect of prior periods	8,366	(262,691)
Total current tax charge/(credit)	8,494	(269,966)

There is no actual or potential liability for deferred tax.

Factors that may affect future current and total tax charges

The company's future tax charge will be affected by the fall in the UK mainstream corporation tax rate from 30% to 28% from 1 April 2008.

Notes (continued)

6 Creditors: amounts falling due within one year

	2008 £	2007 £
Current tax	128	2,347
Amounts owing to holding company	383,848	337,989
Accruals and deferred income	26,450	63,829
	<u>410,426</u>	<u>404,165</u>

7 Called up share capital

	2008 £	2007 £
<i>Authorised, allotted, called up and fully paid</i> 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

8 Reserves – Profit and loss account

	Profit and loss account £
At beginning of year - deficit	(499,441)
Currency translation	2,785
Loss for the financial year	(10,831)
	<u>(507,487)</u>
At end of year – deficit	<u>(507,487)</u>

9 Reconciliation of movements in shareholders' deficit

	2008 £	2007 £
(Loss)/profit for the financial year	(10,831)	269,039
Currency translation	2,785	(5)
	<u>(8,046)</u>	<u>269,034</u>
Net (decrease)/increase in shareholders' funds in the year	(8,046)	269,034
Opening shareholders' deficit	(399,441)	(668,475)
	<u>(407,487)</u>	<u>(399,441)</u>
Closing shareholders' deficit	<u>(407,487)</u>	<u>(399,441)</u>

Notes *(continued)*

10 Related party transactions

As a subsidiary of Carillion plc, the company is exempt from the requirements of FRS 8 'Related Party Transactions', to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.

11 Ultimate holding company

The company's ultimate controlling company is Carillion plc which is incorporated in Great Britain.

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