

The Carillion Construction Company (East Africa) Limited

Directors' report and financial statements

Registered number 775010

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 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 7. The directors do not recommend the payment of a dividend (2009 £nil)

Directors

The directors serving during the year and subsequently were

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 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 7 September 2011 and signed on its behalf by



RF Tapp
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 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 Audit Plc

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's 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 2010 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 4, 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 (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 loss 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
7 September 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £	2009 £
Administrative expenses		<u>(92)</u>	<u>(945)</u>
Operating loss	2	(92)	(945)
Interest receivable and similar income	5	6,376	-
Interest payable and similar charges	6	<u>(8,735)</u>	<u>-</u>
Loss on ordinary activities before taxation		(2,451)	(945)
Tax on loss on ordinary activities	7	<u>1,480</u>	<u>265</u>
Loss for the financial year	12	<u>(971)</u>	<u>(680)</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 12

Balance sheet
at 31 December 2010

	Note	2010 £	2009 £
Current assets			
Debtors	8	261,493	262,372
Cash at bank and in hand		<u>1,608</u>	<u>1,754</u>
		263,101	264,126
 Creditors amounts falling due within one year	9	<u>(385,579)</u>	<u>(385,584)</u>
Net current liabilities		<u>(122,478)</u>	<u>(121,458)</u>
 Creditors amounts falling due after one year	10	<u>(286,908)</u>	<u>(286,908)</u>
Net liabilities		<u>(409,386)</u>	<u>(408,366)</u>
 Capital and reserves			
Called up share capital	11	100,000	100,000
Profit and loss account	12	<u>(509,386)</u>	<u>(508,366)</u>
Equity shareholders' deficit	13	<u>(409,386)</u>	<u>(408,366)</u>

These financial statements were approved by the Board of Directors on 7 September 2011 and were signed on its behalf by



RJ Adam
 Director

Company registered number 775010

Statement of total recognised gains and losses
for the year ended 31 December 2010

	<i>Note</i>	2010 £	2009 £
Loss for the financial year		(971)	(680)
Currency translation	12	(49)	(199)
Total recognised losses relating to the financial year		<u>(1,020)</u>	<u>(879)</u>

The Carillion Construction Company (East Africa) Limited

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 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 liability of £409,386, 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 share banking arrangements with its parent and fellow subsidiary. 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 preparing being appropriate.

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.

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.

Notes (continued)

2 Operating loss

The audit fee for the year ended 31 December 2010 amounting to £500 (2009: £500) was borne by Canllion 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, Canllion 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 as follows:

	Number of employees	
	2010 £	2009 £
Direct labour and operatives	-	1
<i>The aggregate payroll of these persons was as follows:</i>		
Wages and salaries	-	356

4 Directors' emoluments

The directors received no emoluments from The Canllion Construction Company (East Africa) Limited during the year (2009: £nil).

5 Interest receivable and similar income

	2010 £	2009 £
Interest receivable from group undertakings	6,376	-
	<u>6,376</u>	<u>-</u>

6 Interest payable and similar charges

	2010 £	2009 £
Interest payable to head office	8,735	-
	<u>8,735</u>	<u>-</u>

Notes (continued)

7 Tax on loss on ordinary activities

(a) Analysis of taxation credit in the year

	2010	2009
	£	£
UK corporation tax		
Current tax	(686)	(265)
Adjustment in respect of prior periods	(794)	-
Total current taxation	(1,480)	(265)
Total taxation on profit on ordinary activities	(1,480)	(265)

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

The UK standard rate of corporation tax for the year is 28% (2009 28%) The difference is explained below

	2010	2009
	£	£
Current tax reconciliation		
Loss on ordinary activities before taxation	(2,451)	(945)
Tax on loss on ordinary activities at 28% (2009 28%)	(686)	(265)

Effects of

Adjustment in respect of previous periods	(794)	-
Current tax credit for the year	(1,480)	(265)

(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)

8 Debtors

	2010 £	2009 £
Amounts owed by group undertakings	260,807	262,107
Corporation tax	686	265
	<u>261,493</u>	<u>262,372</u>

9 Creditors amounts falling due within one year

	2010 £	2009 £
Amounts owed to group undertakings	359,176	359,176
Accruals and deferred income	26,403	26,408
	<u>385,579</u>	<u>385,584</u>

10 Creditors amounts falling due after more than one year

	2010 £	2009 £
Amounts owed to group undertakings	286,908	286,908
	<u>286,908</u>	<u>286,908</u>

11 Called up share capital

	2010 £	2009 £
Authorised, allotted, called up and fully paid 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

12 Reserves - Profit and loss account

	Profit and loss account £
Deficit at beginning of year	(508,366)
Currency translation	(49)
Loss for the financial year	(971)
Deficit at the end of the year	<u>(509,386)</u>

13 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Loss for the financial year	(971)	(680)
Currency translation	(49)	(199)
Net decrease in equity shareholders' funds in the year	<u>(1,020)</u>	<u>(879)</u>
Equity shareholders' deficit at beginning of the year	(408,366)	(407,487)
Equity shareholders' deficit at the end of the year	<u>(409,386)</u>	<u>(408,366)</u>

Notes (continued)

14 Related party transactions

As a subsidiary of Carillion plc, the company is exempt from the requirement of FRS 8 "Related Party Transactions", to provide information on related party transactions with other undertakings within Carillion plc group. Note 15 gives details of how to obtain a copy of the published financial statements of Carillion plc.

15 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 24 Birch Street, Wolverhampton, WV1 4HY.