

**Carillion Developments 2006 Limited (formerly  
Mowlem Developments Limited)**

**Directors' report and financial  
statements**

**Registered number 792026**

**For the year ended 31 December 2006**

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## Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2006

### Change of control and name

On 23 February 2006, Carillion JM Limited (formerly Mowlem plc), the company's parent undertaking, was acquired by Carillion plc

On 24 May 2006, the company changed its name to Carillion Developments 2006 Limited from Mowlem Developments Limited

### Principal activities and business review

The company acts as an investment company The directors do not foresee any changes in activities in the future

### Results and dividend

The profit for the year was £1,089,658 (2005 £852,794) The directors do not recommend payment of a dividend In 2005 an interim dividend of £1,800,000 was declared and paid, partly out of prior year profits No final dividend is proposed (2005 £Nil)

### Directors and directors' interests

The directors serving during the year were

AH Moore	(resigned 11 May 2006)
Carillion Secretariat Limited	(formerly Mowlem Secretariat Limited)
J McDonough	(appointed 11 May 2006)
CFG Girling	(appointed 11 May 2006)
RW Robinson	(appointed 11 May 2006)

None of the directors had any interest in the share capital of the company

The interests of the directors who held office at the end of the financial year and their families, in the ordinary shares of Carillion plc are disclosed in the financial statements of the ultimate holding company, Carillion plc

### Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company will be proposed at the Annual General Meeting

Approved by the Board on 7 March 2007 and signed on its behalf by

RF Tapp  
Secretary

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)

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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 Carillion Developments 2006 Limited (formerly Mowlem Developments Limited)**

We have audited the financial statements of Carillion Developments 2006 Limited (formerly Mowlem Developments Limited) for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet 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 Carillion Developments 2006 Limited (formerly Mowlem Developments 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 2006 and of its profit 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*

7 March 2007

**Profit and loss account**  
*for the year ended 31 December 2006*

	<i>Note</i>	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
Sundry costs		(100)	(673)
<b>Operating loss</b>		<b>(100)</b>	<b>(673)</b>
Profit on disposal of fixed asset investments	2	448,667	-
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>448,567</b>	<b>(673)</b>
Net interest receivable	3	849,003	1,218,950
<b>Profit on ordinary activities before taxation</b>		<b>1,297,570</b>	<b>1,218,277</b>
Tax on profit on ordinary activities	7	(207,912)	(365,483)
<b>Profit for the financial year</b>		<b>1,089,658</b>	<b>852,794</b>

There are no recognised gains or losses in the year or the preceding year other than the profit for that year

A reconciliation of movement in equity shareholders' funds is provided in note 13

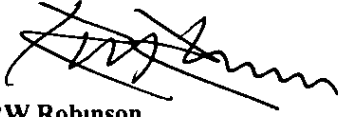
There is no material difference between the profit disclosed in the profit and loss account and the profit on an unmodified historical cost basis

All activities in the year are continuing

**Balance sheet**  
*at 31 December 2006*

	<i>Note</i>	<b>2006</b>		<b>2005</b>	
		£	£	£	£
<b>Fixed assets</b>					
Investments	8		-		33,333
<b>Current assets</b>					
Debtors	9	1,775,186		799,496	
<b>Creditors</b> amounts falling due within one year	10	(434,535)		(581,836)	
<b>Net current assets</b>			1,340,651		217,660
<b>Net assets</b>			1,340,651		250,993
<b>Capital and reserves</b>					
Called up share capital	11	200		200	
Profit and loss account	12	1,340,451		250,793	
<b>Equity shareholder's funds</b>			1,340,651		250,993

These financial statements were approved by the board of directors on 7 March 2007 and signed on its behalf by

  
**RW Robinson**  
*Director*



## 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, with the exception of the fair value requirements of FRS 26, and in accordance with applicable UK accounting standards

#### *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 profit for the 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.

#### *Fixed asset investments*

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

#### *Turnover*

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

### 2 Profit on disposal of investments

	2006 £	2005 £
Profit on disposal of shares in Yorkshire Transformations to a fellow group undertaking	448,667	-

### 3 Interest receivable and similar income

	2006 £	2005 £
Amounts receivable from group undertaking	849,003	1,218,950

## Notes (continued)

### 4 Employees

There were no employees during the year (2005 none)

### 5 Directors' emoluments

Mr AH Moore was remunerated through Carillion JM Limited (formerly Mowlem plc). Accordingly, disclosure of directors' emoluments has been made in the financial statements of that company.

Disclosure of the directors' emoluments of Messrs J McDonough, CFG Girling and RW Robinson is made in the financial statements of Carillion plc, in respect of their services to the group as a whole.

### 6 Auditors' remuneration

The auditors' remuneration is paid by Carillion JM Limited (formerly Mowlem plc).

### 7 Taxation

#### (a) Analysis of taxation charge

	2006 £	2005 £
UK corporation tax		
Current tax	254,671	365,483
Adjustment in respect of previous periods	(46,759)	-
	<hr/>	<hr/>
Total tax charge on profit on ordinary activities	207,912	365,483
	<hr/>	<hr/>

#### (b) Reconciliation of current taxation charge

The UK standard rate of corporation tax for the year is 30% (2005 30%). The actual tax rate differs to the standard rate for the reasons set out below.

	2006 £	2005 £
Current tax reconciliation		
Profit on ordinary activities before taxation	1,297,570	1,218,277
	<hr/>	<hr/>
Tax on profit on ordinary activities at 30% (2005 30%)	389,271	365,483
Effects of		
Non-taxable chargeable gains	(134,600)	-
Adjustment in respect of previous periods	(46,759)	-
	<hr/>	<hr/>
Current tax charge for the year	207,912	365,483
	<hr/>	<hr/>

**Notes (continued)**

**8 Fixed asset investments**

The movement on investments during the year was as follows

	Shares in joint ventures £
<i>Cost</i>	
At beginning of year	33,333
Disposals	(33,333)
	<hr/>
At end of year	-
	<hr/>

The shares in Yorkshire Transformations Holdings Limited – Swarcliffe were sold in July 2006 to a fellow group undertaking, Carillion Private Finance Limited for a total consideration of £482,000

**9 Debtors**

	2006 £	2005 £
Amounts due from parent company	1,775,186	799,496
	<hr/>	<hr/>

**10 Creditors: amounts falling due within one year**

	2006 £	2005 £
Corporation tax	434,535	581,836
	<hr/>	<hr/>

**11 Called up share capital**

	2006 £	2005 £
<i>Authorised, allotted, called up and fully paid</i>		
200 ordinary shares of £1 each	200	200
	<hr/>	<hr/>

**12 Profit and loss account**

	£
At beginning of year	250,793
Profit for the financial year	1,089,658
	<hr/>
At end of year	1,340,451
	<hr/>

## Notes (continued)

### 13 Reconciliation of movement in equity shareholder's funds

	2006 £	2005 £
Profit for the financial year	1,089,658	852,794
Dividend paid	-	(1,800,000)
Net increase/(reduction) in equity shareholder's funds	1,089,658	(947,206)
Opening equity shareholder's funds	250,993	1,198,199
Closing equity shareholder's funds	1,340,651	250,993

### 14 Related party disclosures

The company is exempt from the requirements of Financial Reporting Standard no 8 *Related parties* to disclose transactions with members of the Carillion plc group as more than 90% of its voting rights are controlled within the group

### 15 Controlling and parent company

On 1 January 2006 the company's ultimate controlling party was Carillion JM Limited (formerly Mowlem plc). On 23 February 2006, the entire issued share capital of Carillion JM Limited was acquired by Carillion plc. From that date 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 Birch Street, Wolverhampton, WV1 4HY.