

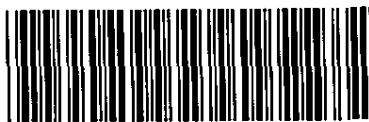
Carillion (Contracts) International Limited

**Directors' report and financial
statements**

Registered number 959327

Year ended 31 December 2007

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Principal activities and business review

The company is principally engaged in civil engineering and building activities

The directors anticipate that the company will continue its present role within the group in the forthcoming year

Profits and dividends

The loss on ordinary activities before taxation was £Nil (2006 £866,000)

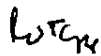
The directors do not recommend the payment of a dividend (2006 £Nil)

Directors

The directors serving during the year were

JL Addiscott (resigned 26 March 2007)
RD MacIver
MC Palmer (resigned 20 December 2007)
RF Tapp
RJ Adam (appointed 20 December 2007)
LJ Mills (appointed 26 March 2007)
RW Robinson (appointed 20 December 2007)

Approved by the board of directors on 5 March 2008 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

Profit and loss account
for the year ended 31 December 2007

	<i>Note</i>	2007 £000	2006 £000
Cost of sales		-	(866)
Gross loss		-	(866)
Administrative expenses		-	-
Loss on ordinary activities before taxation		-	(866)
Tax on loss on ordinary activities	3	-	260
Loss for the financial year	6	-	(606)

All amounts arise from continuing operations

Movements in reserves are set out in note 6 to the financial statements

The company has no recognised gains or losses in either the current or preceding financial year, other than those disclosed in the profit and loss account

Balance sheet
at 31 December 2007

	<i>Note</i>	2007 £000	2006 £000
Current assets			
Debtors	4	72,824	72,824
Net assets also being net current assets		72,824	72,824
Capital and reserves			
Called up share capital	5	45,000	45,000
Share premium account	6	28,047	28,047
Profit and loss account	6	(223)	(223)
Equity shareholders' funds	6	72,824	72,824

Pursuant to the Companies Act 1985 (Audit Exemptions) (Amendment) Regulations 2000 (SI2000 no 1430),

- a) the company was entitled to exemption from audit under subsection 1 of section 249AA of the Companies Act 1985 ("the Act") for the financial year ending December 2007,
- b) members have not required the company to obtain an audit of its accounts for the financial year ended 31 December 2007 in accordance with subsection 2 of section 249B of the Act, and
- c) The directors acknowledge their responsibilities for
 - 1) ensuring the company keeps accounting records which comply with section 221 of the Act, and
 - 2) preparing accounts which give a true and fair view of the states of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company,

These financial statements were approved by the board of directors on 5 March 2008 and signed on its behalf by


 LJ Mills
 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 statements

Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards

Long term contracts

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less any foreseeable losses. Profit on an individual contract is recognised when the outcome of the contract can be foreseen with reasonable certainty and is the lower of profit earned to date and that forecast at completion. The result for each year includes settlement of claims on contracts completed in prior years. Payments received on account are deducted from amounts recoverable on contracts in debtors or long term contract balances in stock. Where such amounts have been received and exceed amounts recoverable, the net amounts are included in creditors.

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 at the rates of exchange ruling at the dates of the transactions. 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.

Cash flow statement

Under Financial Reporting Standard 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.

2 Directors' remuneration

The directors neither received nor waived any emoluments during the year (2006 £Nil)

During the current and preceding year, Carillion (Contracts) International Limited did not have any employees.

Notes (continued)

3 Tax on loss on ordinary activities

(a) Analysis of taxation charge in the year

	2007 £000	2006 £000
<i>UK corporation tax</i>		
Amounts receivable for group relief		
Current year	-	(260)
Prior year	-	-
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Tax on loss on ordinary activities	-	(260)
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(b) Reconciliation of current taxation charge

The UK standard rate of corporation tax for the year is 28% (2006 30%) The actual tax rate differs to the standard rate for the reasons set out below

	2007 £000	2006 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	-	(866)
	<hr/>	<hr/>
Tax on loss on ordinary activities at UK standard rate of corporation tax of 28% (2006 30%)	-	(260)
<i>Effect of</i>		
Prior year adjustment	-	-
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Current tax credit for the year	-	(260)
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(c) Factors affecting future tax charges

There are no known factors that may affect future tax charges

4 Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings	72,474	72,474
Group taxation relief	350	350
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	72,824	72,824
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Notes (continued)

5 Share capital

	2007 £000	2006 £000
<i>Authorised, allotted, called up and fully paid:</i>		
45,000,000 ordinary shares of £1 each	45,000	45,000

6 Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium account £000	Profit and loss account £000	2007 Total £000	2006 Total £000
Loss for the financial year	-	-	-	-	(606)
Net decrease in shareholders' funds	-	-	-	-	(606)
Shareholders' funds at beginning of year	45,000	28,047	(223)	72,824	73,430
Shareholders' funds at end of year	45,000	28,047	(223)	72,824	72,824

7 Capital commitments

There were no capital commitments at 31 December 2007 or at 31 December 2006

8 Related party transactions

As a wholly owned subsidiary of Carillion plc, the company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the Carillion group. Note 9 gives details of how to obtain a copy of the published financial statements of Carillion plc.

9 Controlling and parent companies

The company's immediate controlling company is Carillion Construction (Contracts) Limited, whilst the company's ultimate controlling company is Carillion plc, both of which are incorporated in Great Britain and registered in England and Wales.

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