

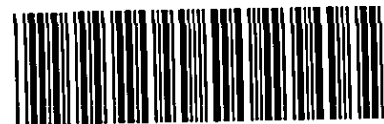
Eastbourne Harbour Company Limited

**Directors' report and financial
statements**

Registered number 1141203

Year ended 31 December 2006

TUESDAY



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Directors' report

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

Principal activity and business review

The company is principally engaged in the development of the harbour at Eastbourne, Sussex

Profits and dividends

The profit before taxation was £200 (2005 £235)

The directors do not recommend the payment of a dividend for the year (2005 £Nil)

Directors and directors' interests

The directors who served during the year were

SP Eastwood
 J McDonough
 CF Girling
 RW Robinson
 MW Orriss
 RF Tapp

No director had any beneficial interest in the share or loan capital of the company or any subsidiary of Carillion plc

The directors who held office at the end of the financial year and their families, other than those whose interests are disclosed in the financial statements of the immediate or ultimate holding company, Carillion plc, had the following interests in, and options to subscribe for, ordinary shares of 50p each in Carillion plc

	At 1 January 2006		Share option movements in year			At 31 December 2006	
	Shares Number	Share options Number	Granted Number	Exercised Number	Lapsed Number	Shares Number	Share options Number
SP Eastwood	5,443	88,411	9,177	7,439	6,120	9,644	84,029
MW Orriss	1,775	1,821	840	1,821	-	3,596	840
RF Tapp	53,016	389,975	49,943	37,562	15,463	76,976	386,883

No director was materially interested during the year in any contract which was significant in relation to the business of the company

Fixed assets

The directors consider that the market value of the company's interest in freehold land continues to exceed the amount shown in the balance sheet, but no recent professional valuation has been undertaken

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

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of KPMG Audit Plc as auditors 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

Independent auditors' report to the members of Eastbourne Harbour Company Limited

We have audited the financial statements of Eastbourne Harbour Company 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 3.

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. We also 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 Eastbourne Harbour Company 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>	2006 £	2005 £
Turnover	<i>1</i>	500	500
Administrative expenses		(300)	(265)
		<hr/>	<hr/>
Operating profit on ordinary activities before taxation	<i>2</i>	200	235
Tax on profit on ordinary activities	<i>4</i>	(60)	(71)
		<hr/>	<hr/>
Profit for the financial year	<i>9</i>	140	164
		<hr/>	<hr/>

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 and losses in either the current or preceding financial year other than the profit for those years. All amounts relate to continuing operations

Balance sheet
at 31 December 2006

	<i>Note</i>	2006		2005	
		£	£	£	£
Fixed assets					
Tangible assets	5		32,344		32,344
Current assets					
Debtors	6	10,475		10,540	
Creditors Amounts falling due within one year	7	(5,581)		(5,786)	
Net current assets			4,894		4,754
Total assets less current liabilities			37,238		37,098
Capital and reserves					
Called up share capital	8	50,000		50,000	
Profit and loss account	9	(12,762)		(12,902)	
Equity shareholders' funds	10	37,238		37,098	

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



SP Eastwood
Director

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 statements

Basis of accounting

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

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that its ultimate parent undertaking, Carillion plc, 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, calculated in accordance with the requirements of FRS19 "Deferred taxation". Deferred tax assets or liabilities, which arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation, are calculated on a non-discounted full provision basis

Turnover

Turnover represents the value of work undertaken during the year, excluding value added tax. All turnover arises in the UK.

Tangible fixed assets

Freehold land is not depreciated

2 Operating profit on ordinary activities before taxation

	2006 £	2005 £
<i>Operating profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration - audit work	300	265

The above audit fee represents a recharged amount from Carillion plc

3 Directors' emoluments

The directors, who are the only employees of the company, have neither received nor waived any remuneration during the year (2005 £Nil)

Notes (continued)

4 Tax on profit on ordinary activities

The tax charge is made up as follows

	2006 £	2005 £
<i>UK corporation tax</i>		
Corporation tax	60	71
	<hr/>	<hr/>
Total current taxation on profit on ordinary activities (note 4(b))	60	71
	<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 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	200	235
	<hr/>	<hr/>
Tax on profit on ordinary activities at UK standard rate of corporation tax of 30% (2005 30%)	60	71
	<hr/>	<hr/>
Current tax charge for the year	60	71
	<hr/>	<hr/>

5 Tangible assets

	2006 £	2005 £
Freehold land at cost	32,344	32,344
	<hr/>	<hr/>

The directors consider that the market value of the company's interest in freehold land continues to exceed the amount shown in the balance sheet, but no recent professional valuation has been undertaken

6 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	10,475	10,540
	<hr/>	<hr/>

Notes (continued)

7 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	5,450	5,450
Corporation tax	131	71
Accruals and deferred income	-	265
	<u>5,581</u>	<u>5,786</u>

8 Share capital

	2006 £	2005 £
<i>Authorised.</i>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

9 Reconciliation of movement on reserves

	2006 £	2005 £
At beginning of the financial year	(12,902)	(13,066)
Retained profit in the financial year	<u>140</u>	<u>164</u>
At end of the financial year	<u>(12,762)</u>	<u>(12,902)</u>

10 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the year	140	164
Shareholders' funds at beginning of year	<u>37,098</u>	<u>36,934</u>
Shareholders' funds at end of year	<u>37,238</u>	<u>37,098</u>

11 Related party disclosures

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 plc group. Note 12 gives details of how to obtain a copy of the published financial statements of Carillion plc.

12 Controlling companies

The company's controlling company is Sovereign Harbour Limited, its immediate parent company, whilst the company's ultimate controlling company is Carillion plc, its ultimate parent company, both of which are registered in England and Wales.

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