

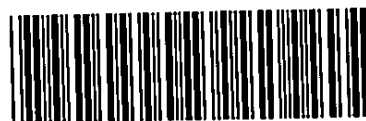
Carillion Utility Services Group Limited

**Directors' report and financial
statements**

Registered number 1521006

Year ended 31 December 2009

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activities

The principal activity of the company is that of a holding company

Profits and dividends

The company's loss for the year is £75,000 (2008 nil). The director's do not recommend the payment of a dividend (2008 nil)

Directors

The directors serving during the year and subsequently were

L. Mills
S. Hudson
P. Jones

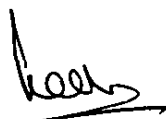
Disclosure of information to auditors

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 and signed on its behalf by



L. J. Mills
Director

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 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 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 Carillion Utility Services Group Limited

We have audited the financial statements of Carillion Utility Services Group Limited for the year ended 31 December 2009 set out on pages 6 to 10. 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 2, 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 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/UKNP.

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 2009 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

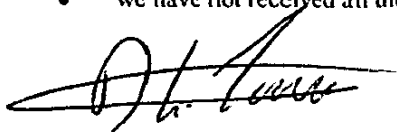
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Carillion Utility Services Group Limited *(continued)*

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

30 September 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	2009 £000	2008 £000
Amounts written off investments	2	(75)	-
Loss on ordinary activities before taxation		(75)	-
Tax on profit/(loss) on ordinary activities		-	-
Profit/(loss) for the financial year		(75)	-

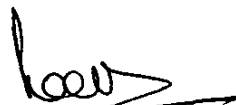
There is no difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year

There were no recognised gains or losses in either the current or preceding financial year other than the profit or loss for those years. All amounts relate to continuing operations

Balance sheet
at 31 December 2009

	<i>Note</i>	2009 £000	£000	2008 £000	£000
Fixed assets					
Investments	3		115,344		115,419
Current assets					
Debtors: amounts recoverable within one year	4	108		108	
Creditors: amounts falling due within one year	5	(110,341)		(110,341)	
Net current assets			(110,233)		(110,233)
Net assets			<u>5,111</u>		<u>5,186</u>
Capital and reserves					
Called up share capital	6		219		219
Profit and loss account	7		4,892		4,967
Equity shareholder's funds	8		<u>5,111</u>		<u>5,186</u>

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



L.J. Mills
Director

Company registered number 1521006

Notes (continued)

3 Fixed Asset Investments

	£000
Shares in subsidiaries	
Cost	
At beginning of the year	115,419
Amounts written off	(75)
	<hr/>
At end of the year	115,344
	<hr/>
Net Book Value at 31st December 2009	115,344
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The table below provides details of the companies in which Carillion Utility Services Group Limited has holdings:

Name	Nature of business	Percentage holdings in ordinary shares	Country of incorporation
Carillion Utility Services Limited	Provision of utility contracting services	100%	England & Wales
UK Power Construction Limited	No longer trading	100%	England & Wales
Stirling Water (2003) Limited	Provision of utility contracting services	25%	England & Wales
Utilities Services NW Limited	No longer trading	100%	England & Wales
Swanbeach Limited	No longer trading	100%	England & Wales
Kennedy Pipelining Services Limited	No longer trading	100%	England & Wales
Proby Limited	No longer trading	100%	England & Wales
Bertrem Limited	No longer trading	100%	Isle of Man
Kennedy Group Investments Limited	No longer trading	100%	England & Wales
	Holding company of Carillion Utility Services SE		
Poweronline Limited	Limited	100%	England & Wales
Hale Brooks Limited	No longer trading	100%	Isle of Man
Kennedy Utility Services (Scotland) Limited	No longer trading	100%	Scotland

4 Debtors

	2009 £000	2008 £000
Amounts falling due in more than one year		
Amounts owed by group undertakings	108	108
	<hr/>	<hr/>
	108	108
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Principal accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the UK. The principal accounting policies adopted which have been consistently applied unless otherwise noted, are as follows:

Investments

Investment income is included in the accounts in the year in which it is receivable. Fixed asset investments are stated at cost less provisions for permanent diminution in value.

Consolidated financial statements

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements and deliver them to the Registrar of Companies. The financial statements therefore present information about the company as an individual undertaking and not about its group. The company is included within the consolidated financial statements of Carillion Plc, the company's ultimate parent undertaking as at 31 December 2009.

Cash flow statement

Under Financial Reporting Standard 1 "Cash flow statements" the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

2 Profit and loss account

The company has not traded during the current or prior period and only an impairment of investment has been charged to the profit and loss account for the current year.

The directors received no emoluments for their services to the Group for the years 2009 and 2008. Their services to this company and to a number of fellow subsidiaries are of a non executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company and various intermediate parent companies.

The audit fee for the year and prior year were paid by the ultimate parent undertaking Carillion plc.

Notes (continued)

5 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to group undertakings	110,341	110,341
	<u>110,341</u>	<u>110,341</u>

6 Called up share capital

	2009 £000	2008 £000
<i>Authorised, allotted, called up and fully paid:</i>		
217,800 ordinary shares of £1 each	218	218
1,000 Deferred shares of £1 each	1	1
	<u>219</u>	<u>219</u>

The holders of the deferred ordinary shares:

1. have no right to dividends other than those recommended by the directors in respect of ordinary shares,
2. have no redemption rights,
3. rank pari passu with the holders of the ordinary shares in respect of repayment of paid up capital on a winding-up but have no further right to participate in distribution of surplus assets
4. have no voting rights

The Deferred ordinary shares of £1 each and are non-equity shares

7 Reserves

	Profit and loss account £000
At beginning of year	4,967
Loss for the financial year	(75)
	<u>4,892</u>
At end of year	<u>4,892</u>

8 Reconciliation of movements in shareholder's funds

	2009 £000	2008 £000
Loss for the financial year	(75)	-
Net decrease in equity shareholder's funds	(75)	-
Equity shareholder's funds at beginning of year	5,186	5,186
Equity shareholder's funds at end of year	<u>5,111</u>	<u>5,186</u>

Notes *(continued)*

9 Related party transactions

As a wholly-owned subsidiary of Carillion plc, the company has taken advantage of the exemption under FRS 8, "Related party disclosures" 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.

10 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.