

Amended

**CARILLION WATER LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

(Registered in England, Number 2464479)



**CARILLION WATER LIMITED****DIRECTORS' REPORT**

The directors present their annual report, together with the financial statements for the year ended 31 December 2003.

**Principal activities & business review**

The company has not traded during the year. Profit for the year was nil. (2002: £4,379).

**Directors and directors' interests**

The directors serving during the year were:

Carillion Nominees Limited  
Lee Mills

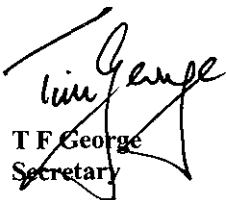
The directors who held office at the end of the financial year and their families, other than those whose interests are disclosed in the financial statements of the ultimate holding company, had the following interests in, and options to subscribe for, ordinary shares of 50p each in Carillion plc:

	At 31/12/03		At 01/01/03		Share option movements in year		
	Shares Number	Share Options Number	Shares Number	Share Options Number	Granted Number	Exercised Number	Lapsed Number
L J Mills	21,740	114,971	21,740	154,909	-	-	39,938

No other director had any interest in, or rights to subscribe for, the share or loan capital of Carillion plc.

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

This report was approved by the Board on 10 March 2004 and signed on its behalf by:

  
T F George  
Secretary

Birch Street  
Wolverhampton  
WV1 4HY

**CARILLION WATER LIMITED****PROFIT AND LOSS ACCOUNT****AT 31 DECEMBER 2003**

	Note	2003	2002
		£	£
Income from shares in group undertaking		-	4,379
Tax on profit on ordinary activities	3.	-	-
Retained profit for the financial year		<u>-</u>	<u>4,379</u>


**CARILLION WATER LIMITED****BALANCE SHEET****AT 31 DECEMBER 2003**

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Investments	4.	-	2
<b>Current assets</b>			
Debtors: Amounts owed by Group undertaking		456,506	456,504
<b>Net assets</b>		<u>456,506</u>	<u>456,506</u>
<b>Capital and reserves</b>			
Called up share capital	5.	100,000	100,000
Profit and loss account		356,506	356,506
Equity shareholder's funds		<u>456,506</u>	<u>456,506</u>

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 31 December 2003.
- b) members have not required the company to obtain an audit of its accounts for the financial year ended 31 December 2003 in accordance with subsection 2 of section 249B of the Act; and
- c) the directors acknowledge their responsibilities for:
  - i) ensuring the company keeps accounting records which comply with section 221 of the Act; and
  - ii) preparing accounts which give a true and fair view of the state 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 10 March 2004 and signed on its behalf by:

  
**L Mills (for Carillion (Nominees) Limited)**  
 Director

**CARILLION WATER LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**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 are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

***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 have neither received nor waived any remuneration during the year (2002: £NIL).

**3. Taxation on profit on ordinary activities**

	2003	2002
	£	£
UK corporation tax at 30% (2002: 30%)	-	-
Tax on profit on ordinary activities at UK standard rate of corporation tax at 30%	-	1,314
Dividend income not taxable	-	(1,314)
Permanent Difference	-	-

The UK standard rate of corporation tax for the year is 30% (2002: 30%). The actual tax rate differs to the standard rate for the reasons set out above.

**3. Fixed Asset Investments**

During the year, the subsidiary Carillion Water Overseas Limited was liquidated.

**4. Share capital**

	2003	2002
	£	£
<b><i>Authorised, allotted, called-up and fully paid</i></b>		
1000,000 ordinary shares of £1 each	100,000	100,000

**3. Group companies**

The company's immediate controlling company is Carillion Construction (Contracts) Limited, its immediate parent company, whilst the company's ultimate controlling company is Carillion plc, its ultimate parent company, both of which are 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.