

TPS Consult Limited

**Directors' report and financial
statements**

Registered number 2574820

For the year ended 31 December 2006



Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditors' report to the members of TPS Consult Limited	4
Profit and loss account	6
Balance sheet	7
Notes	8

Directors' report

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

Principal activities and business review

The company is principally engaged in the provision of architectural and engineering design services

The directors anticipate that the company will continue its present role within the Carillion Group during 2007

Losses and dividends

The loss on ordinary activities before taxation was £204,000 (2005 £2,329,000)

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

Directors and directors' interests

The directors who served during the year were

SR Foskett

TD Kenny

RH Harris

S Carter (appointed 18 July 2006)

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

Number of shares	At 31 December 2006		At 1 January 2006 or appointment date if later		Share option movements in the year		
	Shares	Share options	Shares	Share options	Granted	Exercised	Lapsed
S Carter	4,534	-	2,713	1,821	-	1,821	-
RH Harris	-	36,043	-	35,203	840	-	-

At 31 December 2006, no director had any beneficial interest in the share or loan capital of any subsidiary of Carillion plc

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

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)*

Auditor

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

Approved by the Board and signed on its behalf by



RH Harris
Director

Birch Street
Wolverhampton
WV1 4HY

7 March 2007

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 the directors 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 TPS Consult Limited

We have audited the financial statements of TPS Consult 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.

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 TPS Consult 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 loss 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 £000	2005 £000
Turnover	<i>1</i>	21,135	19,762
Cost of sales		(14,872)	(16,753)
		<hr/>	<hr/>
Gross profit		6,263	3,009
Administrative expenses		(6,639)	(5,526)
		<hr/>	<hr/>
Operating loss		(376)	(2,517)
Interest receivable from group undertakings		172	188
		<hr/>	<hr/>
Loss on ordinary activities before taxation	<i>2</i>	(204)	(2,329)
Tax on loss on ordinary activities	<i>5</i>	138	638
		<hr/>	<hr/>
Loss for the financial year	<i>11</i>	(66)	(1,691)
		<hr/> <hr/>	<hr/> <hr/>

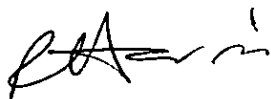
All amounts relate to continuing operations

There were no recognised gains and losses in either the current or preceding financial year other than the profit or loss for those years

Balance sheet
at 31 December 2006

	<i>Note</i>	2006 £000	£000	2005 £000	£000
Fixed assets					
Tangible assets	6		128		220
Current assets					
Debtors	7	19,575		16,364	
Cash at bank and in hand		269		1	
		<u>19,844</u>		<u>16,365</u>	
Creditors, amounts falling due within one year	9	<u>(20,547)</u>		<u>(17,094)</u>	
Net current liabilities			<u>(703)</u>		<u>(729)</u>
Net liabilities			<u>(575)</u>		<u>(509)</u>
Capital and reserves					
Called up share capital	10		54,368		54,368
Profit and loss account	11		(54,943)		(54,877)
Equity shareholders' deficit	12		<u>(575)</u>		<u>(509)</u>

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



RH Harris
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

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention

The company has net liabilities of £575,000. The financial statements have been prepared on a going concern basis as the ultimate holding company has confirmed that it will continue to provide funds to the company to enable it to meet its debts as they fall due for payment. Therefore, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

In accordance with Financial Reporting Standard 1 'Cash flow statements' (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.

Long term contracts

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less any foreseeable losses. The 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 of contracts are disclosed separately 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.

Tangible fixed assets

Depreciation is based on historic cost less estimated residual values and the estimated useful economic lives of the assets concerned as follows:

Plant, machinery and vehicles	-	3-5 years
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Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation, deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded using the contracted exchange rate. 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.

Turnover

Turnover is stated exclusive of value added tax and represents the value of work executed during the year.

Notes (continued)

1 Principal accounting policies (continued)

Leased assets

All leases are accounted for as operating leases. Rentals are charged to the profit and loss account in equal annual instalments over the life of the lease.

Pensions

The pension schemes to which the company contributes are of both the defined benefit and defined contribution types and are for the benefit of all relevant employees of Carillion plc and its UK subsidiary undertakings, associates and joint ventures ("the group"). Details of the latest actuarial valuation of the principal schemes are given in the Carillion plc consolidated financial statements.

The company participates in the Carillion Staff Pension Scheme, the Carillion "B" scheme and the Carillion public sector scheme, which are funded defined benefit schemes. Details of the latest actuarial valuations, which were performed by a qualified actuary, of these defined benefit schemes are given in the group's consolidated financial statements. Note 16 gives details of how to obtain a copy of the financial statements of Carillion plc.

2 Loss on ordinary activities before taxation

	2006 £000	2005 £000
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation of tangible fixed assets	95	104
Auditors' remuneration		
Fees payable to the company's auditor for the audit of these annual financial statements	12	12
Operating leases		
Hire of other assets	-	264
	<u> </u>	<u> </u>

Fees paid to the company's auditor, KPMG Audit Plc and its associates, for other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the company's parent, Carillion plc, are required to disclose non-audit fees on a consolidated basis.

3 Directors' remuneration

	2006 £000	2005 £000
Director's emoluments	-	94
	<u> </u>	<u> </u>

The emoluments of the highest paid director were £Nil (2005 £93,671)

The highest paid director is a member of a defined benefit scheme, under which his accrued pension per annum at the year end was £Nil (2005 £131,032)

Retirement benefits are accruing to the following number of directors under

	2006 Number	2005 Number
Defined benefit schemes	-	1
	<u> </u>	<u> </u>

During the year £Nil (2005 £26,560) was paid into the defined benefit pension schemes

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the financial year was as follows

	2006 Number	2005 Number
Technical staff	227	235
Administration staff	42	48
	<hr/> 269	<hr/> 283

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	9,181	10,015
Social security costs	962	1,030
Other pension costs	1,434	1,379
	<hr/> 11,577	<hr/> 12,424

5 Tax on loss on ordinary activities

(a) Analysis of taxation credit in year

	2006 £000	2005 £000
<i>UK corporation tax</i>		
Current tax on loss for the year	(76)	(488)
Adjustment in respect of previous periods	(291)	-
	<hr/> (367)	<hr/> (488)
<i>Deferred taxation</i>		
Current tax	22	(150)
Adjustment in respect of previous periods	207	-
	<hr/> (138)	<hr/> (638)

Notes (continued)

5 Tax credit on loss on ordinary activities (continued)

(b) Reconciliation of current taxation credit

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 £000	2005 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(204)	(2,329)
	<hr/>	<hr/>
Tax on loss on ordinary activities at UK standard rate of corporation tax of 30% (2005 30%)	(61)	(699)
<i>Effects of</i>		
Permanently disallowable expenses	7	361
Other timing differences	(22)	(150)
Adjustment in respect of previous periods	(291)	-
	<hr/>	<hr/>
Current tax credit for the year	(367)	(488)
	<hr/>	<hr/>

6 Tangible fixed assets

	Plant, machinery and vehicles £000
<i>Cost</i>	
At beginning of year	1,231
Additions	3
	<hr/>
At end of year	1,234
	<hr/>
<i>Depreciation</i>	
At beginning of year	1,011
Charge in year	95
	<hr/>
At end of year	1,106
	<hr/>
<i>Net book value</i>	
At 31 December 2006	128
	<hr/>
At 31 December 2005	220
	<hr/>

Notes (continued)

7 Debtors

	2006 £000	2005 £000
Trade debtors	3,571	2,798
Amounts recoverable on contracts	2,004	2,594
Amounts owed by group undertakings	12,636	9,788
Group relief receivable	901	534
Other debtors	123	70
Prepayments and accrued income	227	238
Deferred taxation asset (see note 8)	113	342
	<u>19,575</u>	<u>16,364</u>

8 Deferred tax

	£000
Deferred tax asset at 1 January 2006	342
Charged to profit and loss account during the year	(229)
	<u>113</u>
Deferred tax asset at 31 December 2006	

The elements of deferred taxation are as follows

	2006 £000	2005 £000
Difference between accumulated depreciation and capital allowances	113	150
Short term timing differences	-	192
	<u>113</u>	<u>342</u>

9 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Payments received on account - long term contracts	454	493
Trade creditors	163	368
Amounts owed to group undertakings	16,887	14,841
Other tax and social security	465	259
Other creditors	-	264
Accruals and deferred income	2,578	869
	<u>20,547</u>	<u>17,094</u>

Notes (continued)

10 Share capital

	2006 £000	2005 £000
<i>Authorised, allotted, called up and fully paid</i>		
54 368,000 ordinary shares of £1 each	54,368	54,368
	<u>54,368</u>	<u>54,368</u>

11 Reserves

	Profit and loss account £000
At beginning of year	(54,877)
Loss for the year	(66)
	<u>(54,943)</u>
At end of year	<u>(54,943)</u>

12 Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Loss for the financial year	(66)	(1,691)
Opening shareholders' (deficit)/funds	(509)	1,182
	<u>(575)</u>	<u>(509)</u>
Closing shareholders' deficit	<u>(575)</u>	<u>(509)</u>

13 Pension contributions

As the schemes are run for the Carillion group as a whole, the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. Hence, as permitted by FRS 17 "Retirement benefits" the scheme is accounted for by the company as if the scheme was a defined contribution scheme.

At 31 December 2006, the staff, "B" and public sector schemes had deficits on an FRS 17 basis of £26.5 million (2005 £27.2 million), £6.2 million (2005 £0.8 million surplus) and £5.5 million (2005 £9.5 million) respectively, net of deferred taxation of 30%.

The contributions to the defined benefit schemes made by the company represent the regular cost of providing the benefits without any recognition of fund surpluses or deficits which are dealt with by Carillion plc. The pension cost for the year was £1,434,149 (2005 £1,379,000).

The company also participates in the Carillion Pension Plan, a defined contribution scheme, which commenced on 1 April 2003. The pension cost charge for the period represents contributions payable by the company to the scheme.

The pension charge of the defined contribution schemes was £Nil (2005 £Nil).

Contributions outstanding at 31 December 2006 were £Nil (2005 £Nil).

Notes (continued)

14 Commitments

The annual commitments under non-cancellable operating leases were as follows

	2006 Land and buildings £000	Other assets £000	2005 Land and buildings £000	Other assets £000
On operating leases which expire				
Within one year	-	24	13	26
Within two to five years inclusive	108	119	108	92
	<hr/>	<hr/>	<hr/>	<hr/>
	108	143	121	118
	<hr/>	<hr/>	<hr/>	<hr/>

15 Related party transactions

As a wholly owned subsidiary of Carillion plc, the company has taken advantage of the exemption under Financial Reporting Standard 8 'Related Party Disclosures' not to provide information on related party transactions with other undertakings within the Carillion group. Note 16 gives details of how to obtain a copy of the published financial statements of Carillion plc.

16 Controlling and parent companies

The company's immediate controlling company is Carillion Construction Limited, whilst the company's ultimate controlling company is Carillion plc, 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.