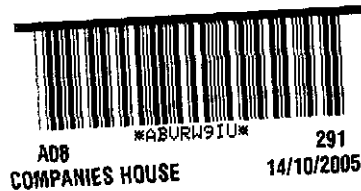


Carillion Drivesafe Limited

**Directors' report and financial
statements**

Registered number 2814418

Year ended 31 December 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities and business review

The company provided advanced driver training of motor vehicles, and ceased trading on 31 December 2003.

The company was re-registered as Carillion Drivesafe Limited on 13 January 2004.

Directors and directors' interests

The directors serving during the year were:

RF Tapp
TF George

None of the directors had any interest in the share capital of the company.

The directors who held office at the end of the financial year and their families had the following interests in, and options to subscribe for, ordinary shares of 50p each in Carillion plc.

	31 December 2004		1 January 2004		Share option movements in year		
	Shares Number	Share options Number	Shares Number	Share options Number	granted Number	exercised Number	lapsed Number
RF Tapp	6,089	403,424	-	304,244	109,524	10,344	-
TF George	-	1,821	-	1,821	-	-	-

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

Auditor

A resolution will be proposed at the forthcoming annual general meeting to re-appoint KPMG Audit Plc for the forthcoming year.

Approved by the board on 9 March 2005 and signed on its behalf by:

RF Tapp

RF Tapp
Secretary

Birch Street
Wolverhampton
West Midlands
WV1 4HY

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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 Carillion Drivesafe Limited

We have audited the financial statements on pages 4 to 8.

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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

9 March 2005

Profit and loss account
for the year ended 31 December 2004

	<i>Note</i>	2004 £	2003 £
Turnover		-	188,998
Cost of sales		-	(72,326)
		<hr/>	<hr/>
Gross profit		-	116,672
Administrative expenses		(30,895)	(138,956)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(30,895)	(22,284)
Taxation on loss on ordinary activities	5	6,754	6,685
		<hr/>	<hr/>
Loss for the financial year		(24,141)	(15,599)
Retained loss brought forward		(15,599)	-
		<hr/>	<hr/>
Retained loss carried forward		(39,740)	(15,599)
		<hr/>	<hr/>

All amounts relate to discontinued activities.

There were no recognised gains or losses other than those reported above in either year.

There is no difference between the result as reported in the profit and loss account and the result on an unmodified historical cost basis, in either year.

Balance sheet
at 31 December 2004

	<i>Note</i>	2004	2003
		£	Restated £
Current assets			
Debtors	6	62,352	81,379
Creditors: amounts falling due within one year	7	(52,092)	(46,978)
Net assets		<u>10,260</u>	<u>34,401</u>
Capital and reserves			
Called up share capital	8	50,000	50,000
Profit and loss account	9	(39,740)	(15,599)
Equity shareholders' funds	10	<u>10,260</u>	<u>34,401</u>

Restated – see note 8.

These financial statements were approved by the board of directors on 9 March 2005 and were signed on its behalf by:

UTC

RF Tapp
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 accounting standards.

Cash flow statement

Under 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.

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 Financial Reporting Standard 19 "Deferred taxation". Deferred tax assets or liabilities are calculated on a non-discounted full provision basis in respect of timing differences that are expected to reverse in future years.

Turnover

Turnover represents the total value of sales earned from driver training and solely arises in the United Kingdom.

Related party transactions

Under Financial Reporting Standard No 8, "Related party disclosures", the company is exempt from disclosing transactions within the Carillion group as it is a wholly owned subsidiary within that group, whose annual financial statements are publicly available.

2 Directors remuneration

The directors, who are the only employees of the company have neither received nor waived any remuneration in the year (2003: nil).

3 Auditors remuneration

Auditors remuneration is borne by the immediate parent undertaking.

4 Staff numbers and costs

The average number of persons employed by the company during the year, analysed by category, was as follows:

	2004 Number	2003 Number
Executive directors	2	2

Notes (continued)

5 Taxation on loss on ordinary activities

Analysis of credit in period

	2004 £	2003 £
Amount receivable for group relief	9,269	6,685
Adjustment in respect of prior period	(2,515)	-
	<hr/>	<hr/>
Total current tax credit and total taxation	6,754	6,685
	<hr/>	<hr/>

The corporation tax charge equals the loss before tax multiplied by the standard rate of tax in the United Kingdom, subject to an adjustment of £2,515 in respect of previous periods (2003: £nil).

6 Debtors

	2004 £	2003 Restated £
Trade debtors	-	18,285
Amounts owing from group undertakings	55,598	55,698
Other debtors	-	542
Prepayments and accrued income	-	169
Group taxation relief	6,754	6,685
	<hr/>	<hr/>
	62,352	81,379
	<hr/>	<hr/>

Restated – see note 8.

7 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	18,438	8,886
Amounts owing to group undertakings	31,144	6,713
Accruals and deferred income	-	22,576
Other creditors	2,510	8,803
	<hr/>	<hr/>
	52,092	46,978
	<hr/>	<hr/>

Notes (continued)

8 Share capital

	2004	2003
	£	Restated £
<i>Authorised:</i>		
100,000 ordinary shares of £1 each	100,000	100,000
<i>Authorised, allotted, called up and fully paid:</i>		
50,000 ordinary shares of £1 each	50,000	50,000

The issued share capital was incorrectly stated as £100,000 in the financial statements for the year ended 31 December 2003 with a consequential impact on amounts owed from group undertakings. These have been restated. There is no impact on the result in either year.

9 Reserves

	Profit and loss account £
At beginning of year	(15,599)
Retained loss for the year	(24,141)
At end of year	(39,740)

10 Reconciliation of movements in equity shareholders' funds

	2004 £
Loss for the financial year	(24,141)
Equity shareholders' funds brought forward (restated – see note 8)	34,401
<i>Equity shareholders' funds carried forward</i>	<i>10,260</i>

11 Parent undertaking

The company's immediate controlling group is Carillion Insurance Advisers Limited; its ultimate parent undertaking 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.