

Carillion Private Finance (Secure) Limited

**Directors' report and financial
statements**

Registered number 5753809

For the year ended 31 December 2008

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company is that of investment in undertakings, which develop and operate projects under the Private Finance Initiative.

The directors anticipate that the company will continue its present role during 2009.

Business review

The principal risks facing the business are that the value of investments in undertakings, which are dependent on the success of the underlying projects, might be less than anticipated and the risk that Carillion Private Finance (Secure) Limited might have to inject cash into undertakings to maintain their value. The directors manage this risk through close involvement in the management of the underlying projects and regular monitoring of their performance.

The company's key performance indicators are profit before tax and return on capital employed. The profit on ordinary activities before taxation was £747,000 (2007: £2,466,000). Return on capital employed (calculated as profit before tax : net assets) was 24.05% (2007: 23.35%).

Profits and dividends

The profit on ordinary activities before taxation was £747,000 (2007: £2,466,000).

A dividend of £8,200,000 was declared and paid during the year (2007: £Nil).

Directors and directors' interests

The directors who served during the year and subsequently were:

J McDonough
RW Robinson
FR Herzberg
RJ Adam

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.

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 29 May 2009 and signed on its behalf by:



RJ Adam
Director

24 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 Carillion Private Finance (Secure) Limited

We have audited the financial statements of Carillion Private Finance (Secure) Limited for the year ended 31 December 2008 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 2.

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 Carillion Private Finance (Secure) 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 2008 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

29.05.09

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £000	2007 £000
Other operating income		-	87
Operating profit		-	87
Interest receivable		446	1,278
Interest payable	3	(446)	(1,278)
Income from shares in participating interests		747	2,379
Profit on ordinary activities before taxation		747	2,466
Tax on profit on ordinary activities	4	2	-
Profit on ordinary activities after taxation being profit for the financial year	10	749	2,466

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 the year.

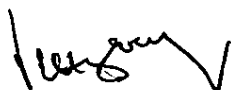
There were no recognised gains and losses in the current financial year or preceding period other than the profit or loss for that year.

All amounts relate to continuing operations.

Balance sheet
at 31 December 2008

	<i>Note</i>	2008 £000	£000	2007 £000	£000
Fixed assets					
Investments	6		14,465		15,282
Current assets					
Debtors: Amounts falling due within one year	7	214		29,713	
Creditors: amounts falling due within one year	8	(11,571)		(34,436)	
Net current liabilities			(11,357)		(4,723)
Total assets less current liabilities being net assets			3,108		10,559
Capital and reserves					
Called up share capital	9		658		658
Share premium account	10		48		48
Profit and loss account	10		2,402		9,853
Equity shareholders' funds	11		3,108		10,559

These financial statements were approved by the board of directors on 29 May 2009 and were signed on its behalf by:



FR Herzberg
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.

Consolidated financial statements

These financial statements present information about the company as an individual company and not about its group. The company is exempt under Section 228 of the Companies Act 1985 from the obligation to prepare group financial statements and to deliver them to the Registrar of Companies as it is a wholly owned subsidiary undertaking of another UK corporate body.

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in the carrying value of the investment.

Cash flow statement

In accordance with 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.

Taxation

The charge for taxation is based on the result for each period and takes into account deferred taxation, calculated in accordance with the requirements of FRS19 "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 periods.

2 Directors, employees and auditor's fee

The company had no employees other than its directors (2007: none), none of whom received or waived any remuneration (2007: £Nil).

No auditor's fee was paid in the year (2007: £Nil). The audit fee is borne by the parent company.

3 Interest payable

	2008 £000	2007 £000
Interest payable to immediate parent undertaking	446	1,278

Notes (continued)

4 Tax on profit on ordinary activities

(a) Analysis of taxation charge for the period

	2008 £000	2007 £000
<i>UK corporation tax</i>		
Adjustment in respect of prior years	2	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	2	-
	<hr/>	<hr/>

(b) Factors affecting the charge for the period

The UK standard rate of corporation tax for the year is 28.5% (2007: 30%). The actual tax rate is lower than the standard rate for the reasons set out below:

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	747	2,466
	<hr/>	<hr/>
Tax on profit on ordinary activities at UK standard rate of corporation tax of 28.5% (2007: 30%)	213	740
	<hr/>	<hr/>
<i>Effects of</i>		
Non-taxable capital profits	-	(26)
Non-taxable income from shares in participating interests	(213)	(714)
Adjustment in respect of prior years	2	-
	<hr/>	<hr/>
Current tax credit for the year	2	-
	<hr/>	<hr/>

(c) Factors affecting future tax charges

There are no known factors affecting future tax charges.

5 Dividends

	2008 £000	2007 £000
Interim dividend paid	8,200	-
	<hr/>	<hr/>

Notes (continued)

6 Investments

	Shares in participating interests £000	Loans to participating interests £000	Total £000
<i>Cost</i>			
At beginning of year	42	15,240	15,282
Repayment	-	(817)	(817)
	<hr/>	<hr/>	<hr/>
At end of year	42	14,423	14,465
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2008	42	14,423	14,465
	<hr/>	<hr/>	<hr/>
At 31 December 2007	42	15,240	15,282
	<hr/>	<hr/>	<hr/>

Principal subsidiary undertakings, participating interests and other investments

Name of company	Country of incorporation and operation	Proportion of equity held
<i>Participating interests</i>		
Accommodation Services (Holdings) Limited	Great Britain	40%

These companies are all involved in the development and operation of projects under the Private Finance Initiative.

7 Debtors

	2008 £000	2007 £000
Amounts due within one year		
Amounts owed by group undertakings	-	29,498
Amounts owed by participating interests	212	215
Corporation tax debtor	2	-
	<hr/>	<hr/>
	214	29,713
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to fellow group undertakings	11,571	34,436
	<hr/>	<hr/>

Notes (continued)

9 Share capital

	2008 £000	2007 £000
<i>Authorised:</i>		
10,000,000 ordinary shares of £1 each	10,000	10,000
<i>Allotted, called up and fully paid:</i>		
658,468 ordinary shares of £1 each	658	658

10 Reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	48	9,853
Profit for the financial year	-	749
Equity dividends paid	-	(8,200)
At end of year	48	2,402

11 Reconciliation of movements in equity shareholder's funds

	2008 £000	2007 £000
Profit for the financial year	749	2,466
Equity dividends paid	(8,200)	-
Net reduction/increase in shareholder's funds	(7,451)	2,466
Opening shareholders' funds	10,559	8,093
Closing shareholders' funds	3,108	10,559

12 Related party transactions

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 group. Note 13 gives details of how to obtain a copy of the published financial statements of Carillion plc.

The company has the following related party transactions and balances due from participating interests as listed in note 6:

	2008 £000	2007 £000
<i>Balances due</i>		
Accommodation Services (Holdings) Limited	212	215
<i>Transactions during the year</i>		
Interest receivable:		
Accommodation Services (Holdings) Limited	1,263	1,278
Dividends received:		
Accommodation Services (Holdings) Limited	747	2,379
	2,010	3,657

Notes *(continued)*

13 Controlling and parent company

The company is a wholly-owned subsidiary of Carillion Private Finance Limited, which is incorporated in Great Britain.

The company's ultimate parent undertaking is Carillion plc, which is incorporated in Great Britain.

The consolidated financial statements of Carillion plc are available to the public and can be obtained from 24 Birch Street, Wolverhampton, WV1 4HY.