

Carillion Eltel JV Limited

**Annual report and financial
statements**

Registered number 07966837

For the year ended 31 December 2016

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Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities and business review

The company is the vehicle for a joint venture arrangement between Carillion Holdings Limited and Eltel Networks UK Limited that undertakes certain repairs and upgrade work to pylons and conductors.

The existing agreement with the National Grid ceased at the end of 2014 and therefore the company did not trade during 2015.

In August 2016 it was announced that the Joint Venture secured a new contract with the National Grid, designing and planning work with the associated revenues commenced in August 2016 with construction work expected to commence in summer 2017.

Directors

The directors who held office during the year were as follows:

GM Carr (Resigned 2 March 2017)
P Forsyth (Resigned 6 January 2017)
A Hjarne (Resigned 16 September 2017)
LF Menander (Resigned 2 March 2017)
N Kirstein (Appointed 16 September 2017, Resigned 2 March 2017)
M Seaman (Appointed 2 March 2017, Resigned 31 July 2017)
K Leskinen (Appointed 2 March 2017, Resigned 26 June 2017)
G Povey (Appointed 2 March 2017, Resigned 31 May 2017)
J Luusua (Appointed 2 March 2017)
A Lassila (Appointed 16 May 2017)
A J  y (Appointed 31 July 2017)

Results and proposed dividend

The loss before tax for the year was £620,000 (2015: £267,000 loss). The directors do not recommend the payment of a dividend.

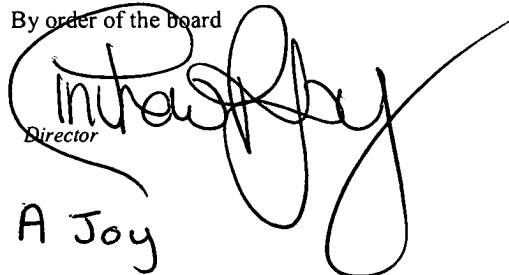
Political donations

The Company made no political donations during the year (2015: £nil).

Auditor

The directors have taken advantage of the exemptions applicable to small companies contained in the Companies Act 2006, and accordingly the accounts are unaudited.

By order of the board


Director
A J  y

Carillion House
84 Salop Street
Wolverhampton
WV3 0SR
United Kingdom

September 2017

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 IFRSs as adopted by the EU and applicable law.

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 judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Financial Position
at 31 December 2016

	Note	£000	2016 £000	£000	2015 £000
Non-current assets					
Property, plant and equipment	7	2,215		2,687	
Deferred tax assets	10	164		-	
			2,379		2,687
Current assets					
Trade and other receivables	8	278		63	
Cash and cash equivalents		801		67	
			1,079		130
Total assets			3,458		2,817
Current liabilities					
Trade and other payables	9	(3,432)		(1,916)	
Non-current liabilities					
Other payables	9	(323)		(1,173)	
Total liabilities			(3,755)		(3,089)
Net liabilities			(297)		(272)
Equity					
Share capital	11		531		1
Retained earnings			(828)		(273)
Total shareholder's deficit			(297)		(272)

For the year ending 31st December 2016, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with Section 476 of the Companies Act 2006
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the board of directors on 29th September 2016 and were signed on its behalf by:

Director

Company registered number: 07966887

A Joy

Statement of Comprehensive Income
for year ended 31 December 2016

	<i>Note</i>	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
Revenue	<i>1,2</i>	695	-
Cost of sales		(1,315)	-
Gross profit		(620)	-
Administrative expenses		-	(267)
Operating loss	<i>3</i>	(620)	(267)
Interest payable and similar charges		(99)	-
Loss of ordinary activity before taxation		(719)	-
Taxation	<i>6</i>	164	33
Loss for the period		(555)	(234)
Total comprehensive loss for the year		(555)	(234)

All results relate to continuing operations.

Statement of Changes in Equity
for the year ended 31 December 2016

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 31 December 2014	1	(39)	(38)
Total comprehensive loss for the year ended 31 December 2015	-	(234)	(234)
Balance at 31 December 2015	1	(273)	(272)
Total comprehensive loss for the year ended 31 December 2016	-	(555)	(555)
Transfer of loan from group related party to equity	530	-	530
Balance at 31 December 2016	531	(828)	(297)

Cash Flow Statement
for the year ended 31 December 2016

	<i>Note</i>	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
Cash flows from operating activities			
Loss for the year		(555)	(234)
Adjustments for:			
Depreciation	7	449	449
Loss on disposal of fixed assets		22	-
		<hr/>	<hr/>
		(84)	215
Increase in deferred tax asset		(164)	-
Increase in trade and other receivables		(214)	629
Increase/(decrease) in trade and other payables		1,196	(725)
Taxation		-	(93)
		<hr/>	<hr/>
Net cash generated/(used in) from operating activities		818	(189)
Net (decrease)/increase in cash and cash equivalents		734	26
Cash and cash equivalents at 31 December 2015		67	41
		<hr/>	<hr/>
Cash and cash equivalents at 31 December 2016		801	67

Notes

(forming part of the financial statements)

1 Accounting policies

Carillion Eltel JV Limited (the “company”) is a company incorporated and domiciled in the UK.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

1.3 Going concern

The financial statements are prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

The directors have reviewed the company’s cash flow forecasts and profit projections over the following 12 months. The forecasts demonstrate that the company expects to meet its liabilities as they fall due for the foreseeable future. The directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

1.4 Foreign currency

Transactions in foreign currencies are translated to the company’s functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company’s cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Plant and equipment: 5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Contract receivables

Contract receivables represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the revenue accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the company's contract activities based on normal operating capacity.

Construction contract receivables are presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

1.8 Impairment excluding deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Notes (continued)

1 Accounting policies (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Revenue

Revenue represents the net amount receivable, excluding value added tax, for goods and services supplied to all customers. In respect of long term contracting activities, revenue reflects the value of work executed during the year on a percentage of completion basis.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Revenue

	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
Contract revenue arising in the UK, being total revenues	695	-

3 Expenses and auditors' remuneration

Included in the result are the following:

	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
Depreciation of tangible fixed assets	449	449

4 Staff numbers and costs

All employees providing services to the company are employed by the joint venture partners and costs relating to such employees are recharged to the company. Total costs borne by the company in this respect, including subcontractors, during the year were £0.1 million (year ended 31 December 2015: £0.1 million).

Notes (continued)

5 Directors' remuneration

All directors providing services to the company in the year are employed by the joint venture partners and costs are recharged to the company.

6 Taxation

Recognised in the income statement

	Year ended 31 December 2016		Year ended 31 December 2015	
	£000	£000	£000	£000
UK corporation tax	-	-	-	-
Adjustment in respect of prior periods	-	-	(58)	-
Total current tax		-		(58)
<i>Deferred tax</i>				
Timing differences	(164)		25	
Reduction in tax rate	-		-	
Total deferred tax		(164)		25
Total tax (credit)/charge		(164)		(33)

Reconciliation of effective tax rate

	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
(Loss)/profit on ordinary activities before taxation	(718)	(267)
Tax using the UK corporation tax rate of 20% (year ended 31 December 2015: 20.25%)	(144)	(54)
<i>Effects of:</i>		
Permanent differences	-	-
Accelerated capital allowances	-	(4)
(Recognition) / Derecognition of deferred tax	(20)	25
Losses carried back	-	58
Adjustment in respect of prior periods	-	(58)
Total tax (credit)/charge	(164)	(33)

Notes (continued)

7 Property, plant and equipment

	Plant and equipment £000
Cost	
At beginning of year	4,292
Disposals	(49)
At the end of year	<u>4,243</u>
Depreciation	
At beginning of year	1,605
Disposals	(26)
Depreciation charge for the year	449
At end of year	<u>2,028</u>
Net book value	
At 31 December 2016	<u>2,215</u>
At 31 December 2015	<u>2,687</u>

8 Trade and other receivables

	2016 £000	2015 £000
Other receivables and prepayments	220	5
Corporation tax	58	58
	<u>278</u>	<u>63</u>

9 Trade and other payables

	2016 £000	2015 £000
Current		
Trade payables	308	140
Other payables and deferred income	1,566	878
Accrued expenses	-	7
Payables due to related parties	1,558	891
	<u>3,432</u>	<u>1,916</u>
Non-current		
Other payables	323	1,173
	<u>3,755</u>	<u>3,089</u>

Notes (continued)

10 Deferred tax

Movement in deferred tax in the year

	£000
At beginning of year	-
Credit to the profit and loss account	164
At end of year	164

Recognised deferred tax assets and liabilities

	2016 £000	2015 £000
Deferred tax asset are attributable to the following:		
Accelerated capital allowances	20	-
Tax losses	144	-
Deferred tax assets	164	-

The deferred tax asset at 31 December 2016 has been calculated based on the rate substantively enacted on the balance sheet date.

11 Capital and reserves

Share capital

	2016	Ordinary shares 2015
Issued for cash	1,000	1,000
Additional shares issues during 2016	530,000	-
On issue at 31 December – fully paid	531,000	1,000
	£000	£000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	531	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Notes (continued)

12 Financial instruments

Financial instruments

The company's financial instruments comprise cash, bank loans and overdrafts and various items such as trade receivables and trade payables which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

Financial assets

	Carrying value	
	2016 £000	2015 £000
Trade and other receivables	278	63
Cash	801	67
	<hr/>	<hr/>
	1,079	130
	<hr/>	<hr/>

Financial liabilities

	Carrying value	
	2016 £000	2015 £000
Trade and other payables	3,755	3,089
	<hr/>	<hr/>
	3,755	3,089
	<hr/>	<hr/>

At 31 December 2016, there was no significant difference between the carrying value of the company's financial assets and liabilities and their fair value.

Capital Risk

The Company operates within the policies and procedures governed by its parent companies, Carillion Utility Services Limited and Eltel Networks UK Limited. Within the scope of these policies and procedures, the company manages its capital with the objective to enable the business to continue as a going concern and maximise returns to stakeholders. The assets and liabilities of the company that are managed as capital comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Financial Risk

The company's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk, price risk and credit risk) and liquidity risk. The company's risk management programme seeks to minimise potential adverse effects on the company's financial performance.

Liquidity Risk

The company manages liquidity risk by continuously monitoring forecast and actual cash flows. Future cash requirements are forecast on a monthly basis.

Notes (continued)

12 Financial instruments (continued)

The maturity analysis for the Company's financial liabilities is contractually as follows:

2016

	Carrying Value £000	Less than 3 months £000	3-6 months £000	6-12 months £000	Over 12 months £000
Trade and other payables	3,755	1,194	227	2,011	323

2015

	Carrying Value £000	Less than 3 months £000	3-6 months £000	6-12 months £000	Over 12 months £000
Trade and other payables	3,089	572	244	1,100	1,173

Market risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £1,079,000 (2015: £130,000) being the total of the carrying amount of financial assets, excluding equity investments, shown in the table above.

Interest rate risk

Given that the company holds no significant loans or borrowings, interest rate risk is considered to be minimal in the year ended 31 December 2016. The company does not therefore utilise interest rate swaps or other hedging instruments.

13 Commitments

Capital commitments

At 31 December 2016, the company had no capital commitments (2015: £nil).

Notes (continued)

14 Related parties

During the year, the company undertook transactions with the following related parties:

	Expenses incurred from Year ended 31 December 2016	Year ended 31 December 2015 £000
Joint venture partners:		
Eltel Networks UK Limited	19	19
Other related parties:		
Carillion Utility Services Limited	58	157
	<u>176</u>	<u>176</u>

	2016 Receivables outstanding £000	Payables due £000	2015 Receivables Outstanding £000	Payables due £000
Joint venture partners:				
Eltel Networks UK Limited	-	(817)	-	(450)
Other related parties:				
Carillion Construction Limited		(261)	-	(431)
Carillion Utility Services Limited	-	(782)	-	(10)
	<u>-</u>	<u>(891)</u>	<u>-</u>	<u>(891)</u>

15 Ultimate parent undertakings and controlling party

The company is a joint venture undertaking of Carillion Holdings Limited and Eltel Networks UK Limited.

The ultimate parent company of Carillion Holdings Limited is Carillion plc, a company registered in England and Wales and listed on the London Stock Exchange.

The ultimate parent company of Eltel Networks UK Limited is Eltel AB, a company registered in Sweden.

No other group financial statements include the results of the company.

In the opinion of the directors, there is no ultimate controlling party.