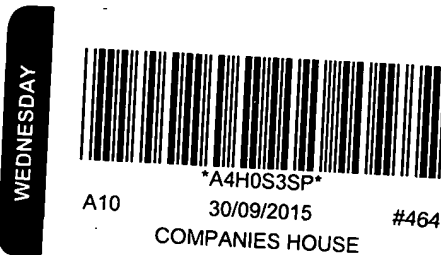


Carillion Eltel JV Limited

**Annual report and financial
statements**

Registered number 07966837
For the year ended 31 December 2014



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Strategic report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Principal activities

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

During the year the company completed work in the UK for National Grid plc under an Area Alliance Agreement. This agreement ceased towards the end of the year with future activities to be conducted in Germany.

Principle risks and uncertainties

The company's principal activity is detailed above. The principal operational and financial risks, and the measures taken to mitigate them, are as detailed in the following section.

Contract delivery risk

The contracts that are undertaken can take up to 12 months to complete all aspects. The company invests time and resource into up-front planning and subsequent monitoring of progress on individual contracts on an on-going basis, including regular two-way communication with the sole customer, to ensure the quality and timeliness of work delivered remains at the standards required.

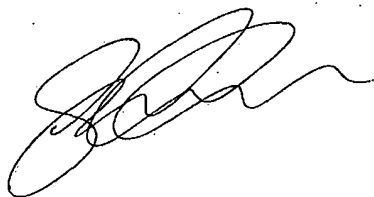
Health and safety risk

The nature of the contract work includes working in a number of differing hazardous and difficult environments. The company has strict health and safety standards and has implemented rigorous monitoring procedures to ensure these are maintained at all times throughout the duration of each contract.

Inflation risk

Contracts primarily operate on either annual works orders or target costs both sourcing and pricing jobs with goods at delivered prices. There is specification within the contracts that the price risk on some items, such as fuel, is borne by the customer.

By order of the board



G Carr
Director

30 September 2015

Directors' report

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

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

GM Carr
P Forsyth
A Hjarne
LF Menander

Political donations

The Company made no political donations during the year (2013: £nil).

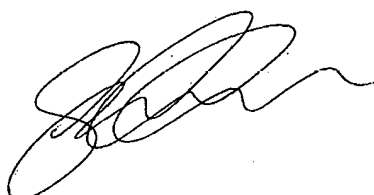
Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



G Carr
Director

Carillion House
84 Salop Street
Wolverhampton
WV3 0SR
United Kingdom

30 September 2015

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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.

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Carillion Eltel JV Limited

We have audited the financial statements of Carillion Eltel JV Limited for the year ended 31 December 2014 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

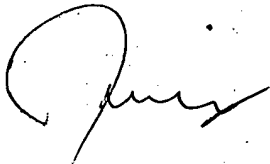
In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Carillion Eltel JV Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Peter Meehan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

30 September 2015

Statement of Comprehensive Income
for year ended 31 December 2014

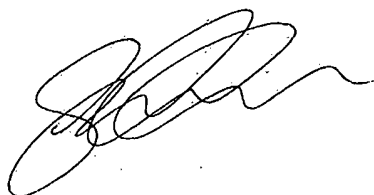
	<i>Note</i>	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Revenue	<i>1,2</i>	8,853	23,938
Cost of sales		(6,522)	(20,665)
Gross profit		2,331	3,273
Administrative expenses		(2,300)	(2,965)
Operating profit and profit before tax	<i>3</i>	31	308
Taxation	<i>6</i>	(70)	(308)
Loss for the period		(39)	-
Total comprehensive loss for the year		(39)	-

All results relate to continuing operations.

Statement of Financial Position
at 31 December 2014

	<i>Note</i>	2014 £000	£000	2013 £000	£000
Non-current assets					
Property, plant and equipment	7	3,136		3,585	
Deferred tax assets	10	25		32	
			3,161		3,617
Current assets					
Trade and other receivables	8	634		498	
Cash and cash equivalents		41		3,197	
			675		3,695
Total assets			3,836		7,312
Current liabilities					
Trade and other payables	9	(1,794)		(4,434)	
Non-current liabilities					
Other payables	9	(2,080)		(2,877)	
Total liabilities			(3,874)		(7,311)
(Net liabilities)/assets			(38)		1
Equity					
Share capital	11	1		1	
Retained earnings	12	(39)		-	
Total equity			(38)		1

These financial statements were approved by the board of directors on 30 September 2015 and were signed on its behalf by:



G Carr
Director

Company registered number: 07966837

Statement of Changes in Equity
for the year ended 31 December 2014

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 31 December 2013	1	-	1
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period ended 31 December 2014	-	(39)	(39)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	1	(39)	(38)
	<hr/>	<hr/>	<hr/>

Cash Flow Statement
for the year ended 31 December 2014

	<i>Note</i>	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Cash flows from operating activities			
Loss for the year		(39)	-
Adjustments for:			
Depreciation	7	449	560
		<hr/>	<hr/>
		410	560
Increase in trade and other receivables		(136)	(179)
(Decrease)/increase in trade and other payables		(3,251)	5,512
Taxation		(179)	(32)
		<hr/>	<hr/>
		(3,566)	5,301
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities		(3,156)	5,861
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of property, plant and equipment		-	(3,251)
		<hr/>	<hr/>
Net cash from investing activities		-	(3,251)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(3,156)	2,610
Cash and cash equivalents at 31 December 2013		3,197	587
		<hr/>	<hr/>
Cash and cash equivalents at 31 December 2014		41	3,197
		<hr/>	<hr/>

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: 2 to 5 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 2014 £000	Year ended 31 December 2013 £000
Contract revenue arising in the UK, being total revenues	8,853	23,938

3 Expenses and auditors' remuneration

Included in the result are the following:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
<i>Auditors' remuneration:</i>		
Audit of these financial statements	23	30
Amounts receivable by the auditors and their associates in respect of:		
Other services pursuant to legislation	1	1
Depreciation of tangible fixed assets	449	560

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 £4.3 million (year ended 31 December 2013: £11.7 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 2014 £000	£000	Year ended 31 December 2013 £000	£000
UK corporation tax	67		246	
Adjustment in respect of prior periods	(4)		94	
	<hr/>		<hr/>	
Total current tax		63		340
<i>Deferred tax</i>				
Timing differences	5		(24)	
Reduction in tax rate	2		5	
Adjustment in respect of prior periods	-		(13)	
	<hr/>		<hr/>	
Total deferred tax		7		(32)
		<hr/>		<hr/>
Total tax expense		70		308
		<hr/>		<hr/>

Reconciliation of effective tax rate

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Profit on ordinary activities before taxation	31	308
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 21.5% (year ended 31 December 2013: 23.25%)	7	72
<i>Effects of:</i>		
Permanent differences	69	153
Adjustment for change in rate on deferred tax balances	-	5
Adjustment for tax at marginal rate	(4)	(3)
Adjustment in respect of prior periods	(2)	81
	<hr/>	<hr/>
Total tax expense	70	308
	<hr/>	<hr/>

Notes (continued)

7 Property, plant and equipment

	Plant and equipment £000
Cost	
At beginning of year	4,292
Additions	-
	<hr/>
At end of year	4,292
	<hr/>
Depreciation	
At beginning of year	707
Depreciation charge for the year	449
	<hr/>
At end of year	1,156
	<hr/>
Net book value	
At 31 December 2014	3,136
	<hr/>
At 31 December 2013	3,585
	<hr/>

8 Trade and other receivables

	2014 £000	2013 £000
Receivables due from related parties	-	27
Other receivables and prepayments	634	471
	<hr/>	<hr/>
	634	498
	<hr/>	<hr/>

9 Trade and other payables

	2014 £000	2013 £000
<i>Current</i>		
Trade payables	215	167
Other payables and deferred income	1,258	2,238
Accrued expenses	229	1,661
Corporation tax	60	246
Payables due from related parties	32	122
<i>Non-current</i>		
Other payables	2,080	2,877
	<hr/>	<hr/>
	3,874	7,311
	<hr/>	<hr/>

Notes (continued)

10 Deferred tax

Movement in deferred tax in the year

	£000
At beginning of year	32
Debit to the profit and loss account	(7)
At end of year	25

Recognised deferred tax assets and liabilities

	2014 £000	2013 £000
Deferred tax asset are attributable to the following:		
Accelerated capital allowances	25	32
Deferred tax assets	25	32

The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted on the balance sheet date.

11 Capital and reserves

Share capital

	2014	Ordinary shares 2013
Issued for cash	1,000	1,000
On issue at 31 December – fully paid	1,000	1,000
	£000	£000
<i>Allotted, called up and fully paid</i> 1,000 ordinary shares of £1 each	1	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.

12 Retained earnings

	Retained earnings £000
At beginning of year	-
Loss for the year	(39)
At end of year	(39)

Notes (continued)

13 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	
	2014	2013
	£000	£000
Trade and other receivables	634	498
Cash	41	3,197
	<hr/>	<hr/>
	675	3,695
	<hr/>	<hr/>

Financial liabilities

	Carrying value	
	2014	2013
	£000	£000
Trade and other payables	3,874	7,311
	<hr/>	<hr/>
	3,874	7,311
	<hr/>	<hr/>

At 31 December 2014, 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)

13 Financial instruments (continued)

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

2014

	Carrying Value £000	Less than 3 months £000	3-6 months £000	6-12 months £000	Over 12 months £000
Trade and other payables	3,874	1,193	198	403	2,080

2013

	Carrying Value £000	Less than 3 months £000	3-6 months £000	6-12 months £000	Over 12 months £000
Trade and other payables	7,311	2,816	1,233	385	2,877

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 £0.7 million (2013: £3.7 million) million being the total of the carrying amount of financial assets, excluding equity investments, shown in the table above.

There were no trade receivables and, therefore, no associated credit risk at the year end (2013: £Nil).

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 2014. The company does not therefore utilise interest rate swaps or other hedging instruments.

14 Commitments

Capital commitments

At 31 December 2014, the company had no capital commitments.

Notes (continued)

15 Related parties

During the year, the company undertook related party transactions with both partners to the joint venture, Carillion Utility Services Limited and Eltel Networks UK Limited.

	Expenses incurred from	
	Year ended 31 December 2014	Year ended 31 December 2013 £000
Carillion Utility Services Limited	1,134	8,850
Eltel Networks UK Limited	2,371	6,445
	<u>3,505</u>	<u>15,295</u>

	2014 Receivables outstanding £000	Payables due £000	2013 Receivables Outstanding £000	Payables due £000
Carillion Utility Services Limited	-	(21)	17	(122)
Eltel Networks UK Limited	-	(11)	10	-
	<u>-</u>	<u>(32)</u>	<u>27</u>	<u>(122)</u>

16 Ultimate parent undertakings and controlling party

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

The ultimate parent company of Carillion Utility Services 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 the InfraNet Company 1 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.