

Carillion Private Finance (Secure) Limited

**Directors' report and financial
statements**

Registered number 5753809

For the year ended 31 December 2009

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

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 2010

Business review

During the year, the company sold 50% of its 40% interest in Accommodation Services (Holdings) Limited, generating a profit on disposal of £9.9 million

The company's key performance indicators are profit before tax and return on capital employed. The profit on ordinary activities before taxation was £10,022,996 (2008 £747,000). Return on capital employed (calculated as profit before tax / net assets) was 886% (2008 24.03%)

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.

Profits and dividends

The profit on ordinary activities before taxation was £10,022,996 (2008 £747,000)

A dividend of £12,000,000 was declared and paid during the year (2008 £8,200,000) being £18.22 per share (2008 £12.45 per share)

Directors

The directors who served during the year and subsequently were

J McDonough
RW Robinson (resigned 20 June 2009)
FR Herzberg
RI 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 auditor will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

Approved by the board on 30 April 2010 and signed on its behalf by



RF Tapp
Secretary

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)

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 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 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.



KPMG Audit Plc

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

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 2009 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Carillion Private Finance (Secure) 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

R J Pound

RJ Pound (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

30 April 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	2009 £000	2008 £000
Interest receivable	3	839	446
Interest payable	4	(839)	(446)
Income from shares in participating interests		98	747
Profit on disposal of investments	5	9,925	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		10,023	747
Tax on profit on ordinary activities	6	-	2
		<hr/>	<hr/>
Profit on ordinary activities after taxation being profit for the financial year	13	10,023	749
		<hr/> <hr/>	<hr/> <hr/>

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 either the current or preceding financial year

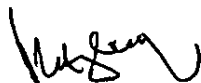
There were no recognised gains and losses in the current or preceding financial year, other than the profit or loss for those years

All amounts relate to continuing operations

Balance sheet
 at 31 December 2009

	<i>Note</i>	2009 £000	2008 £000	£000
Fixed assets				
Investments	8		7,178	14,465
Current assets				
Debtors: amounts falling due within one year	9	159	214	
Creditors: amounts falling due within one year	10	(2,922)	(5,616)	
Net current liabilities			(2,763)	(5,402)
Total assets less current liabilities			4,415	9,063
Creditors: amounts falling due after more than one year	11		(3,284)	(5,955)
Net assets			1,131	3,108
Capital and reserves				
Called up share capital	12		658	658
Share premium account	13		48	48
Profit and loss account	13		425	2,402
Equity shareholders' funds	14		1,131	3,108

These financial statements were approved by the board of directors on 30 April 2010 and were signed on its behalf by



FR Herzberg
 Director

Company registered number 5753809

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

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £2.763 000, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Carillion plc, the company's ultimate parent undertaking. Carillion plc has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

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 400 of the Companies Act 2006 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

Under FRS 1 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. Deferred tax assets or liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Liabilities are calculated on a non-discounted full provision basis. Assets are calculated on the same basis, but are recognised only to the extent that it is probable that they will be recovered.

Notes (continued)

2 Directors, employees and auditor's fee

The company had no employees other than its directors (2008 none) none of whom received or waived any remuneration (2008 £Nil)

The audit fee for the year ended 31 December 2009, amounting to £Nil (2008 £Nil) was borne by Carillion Construction Limited, a fellow group subsidiary

Fees paid to the company's auditor, KPMG Audit Plc. and its associates for services 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 Interest receivable and similar income

	2009 £000	2008 £000
Interest receivable from participating interests	893	1,263
Unwinding of discount	(54)	(817)
	<u>839</u>	<u>446</u>

Unwinding of discount relates to the fair value movements of loan investments in participating interests following their acquisition at fair value in prior periods

4 Interest payable and similar charges

	2009 £000	2008 £000
Interest payable to immediate parent undertaking	893	1,263
Unwinding of discount	(54)	(817)
	<u>839</u>	<u>446</u>

Unwinding of discount relates to the unwinding of creditor balances held with other group companies which are not expected to be repaid for several years

5 Profit on disposal of investments

During the year, the company sold 50% of its 40% interest in Accommodation Services Holdings Limited for cash consideration of £14 571,000 (including payment for associated loans) generating a profit on disposal of £9,925,000

6 Tax on profit on ordinary activities

(a) Analysis of taxation charge for the year

	2009 £000	2008 £000
UK corporation tax		
Adjustment in respect of prior year	-	2
	<u>-</u>	<u>2</u>
Tax on profit on ordinary activities	<u>-</u>	<u>2</u>

Notes (continued)

6 Tax on profit on ordinary activities (continued)

(b) Factors affecting the charge for the year

The current tax charge for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	10,023	747
Tax on profit on ordinary activities at UK standard rate of corporation tax of 28% (2008 28.5%)	2,806	213
<i>Effects of</i>		
Non-taxable capital profits	(2,779)	-
Non-taxable income from shares in participating interests	(27)	(213)
Adjustment in respect of prior year	-	2
Current tax credit for the year	-	2

7 Dividends

	2009 £000	2008 £000
Interim dividend paid	12,000	8,200

8 Investments

	Shares in participating interests £000	Loans to participating interests £000	Total £000
<i>Cost</i>			
At beginning of year	42	14,423	14,465
Repayment	-	(54)	(54)
Disposal	(21)	(7,212)	(7,233)
At end of year	21	7,157	7,178
<i>Net book value</i>			
At 31 December 2009	21	7,157	7,178
At 31 December 2008	42	14,423	14,465

Principal and participating interests

Name of company	Country of incorporation and operation	Proportion of equity held
<i>Participating interests</i>		
Accommodation Services (Holdings) Limited	Great Britain	20%

The company is involved in the development and operation of projects under the Private Finance Initiative

Notes (*continued*)

9 Debtors

	2009 £000	2008 £000
Amounts owed by participating interests	159	212
Corporation tax receivable	-	2
	<u>159</u>	<u>214</u>

10 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to fellow group undertakings	2,807	5,616
Accruals	115	-
	<u>2,922</u>	<u>5,616</u>

11 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Amounts owed to immediate parent undertaking	3,284	5,955
	<u>3,284</u>	<u>5,955</u>

12 Share capital

	2009 £000	2008 £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
	<u>658</u>	<u>658</u>

13 Reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	48	2,402
Profit for the financial year	-	10,023
Equity dividends paid	-	(12,000)
	<u>48</u>	<u>425</u>
At end of year	<u>48</u>	<u>425</u>

Notes (*Continued*)

14 Reconciliation of movements in equity shareholder's funds

	2009 £000	2008 £000
Profit for the financial year	10,023	749
Equity dividends paid	(12,000)	(8,200)
Net reduction in equity shareholder's funds	(1,977)	(7,451)
Opening equity shareholder's funds	3,108	10,559
Closing equity shareholder's funds	1,131	3,108

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 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.

The company has the following related party transactions and balances due from participating interests:

	2009 £000	2008 £000
Balances due		
Accommodation Services (Holdings) Limited	159	212
Transactions during the year		
Interest receivable		
Accommodation Services (Holdings) Limited	893	1,263
Dividends received		
Accommodation Services (Holdings) Limited	98	747
	991	2,010

16 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.