

Aspire Defence Capital Works - Update for our Supply Chain

15 January 2018

Introduction

Following the announcement that Carillion is to go into liquidation, Aspire Defence Capital Works (ADCW) would like to provide the following update to reassure its stakeholders/suppliers that there is no direct impact on its ability to carry on successfully delivering new and refurbished living and working accommodation under its Army Basing Programme (ABP) contract.

Background and history

ADCW is a construction management business that was formed in 2006 as the Building Contractor responsible for delivering new and refurbished living and working accommodation for the Army across Salisbury Plain and Aldershot. It was formed as part of the Project Allenby & Connaught (PAC) PFI Contract with the MOD.

Company Structure

ADCW was set up as an unincorporated Joint Venture owned in equal share by Carillion and KBR. It is operated, and governed as a separate entity from its parent organisations, it has its own board of directors as well as its own bank accounts and financial accounts. The parent companies only benefit via the distribution of profits through dividends.

From a trading perspective ADCW operates entirely independent of both parent companies. Whilst it is not a separate legal entity, the nature of the Joint Venture agreement between KBR and Carillion is on a joint and several liability basis and includes measures to provide protection to ensure the continued operation of ADCW in the event a parent company goes into liquidation. Additionally, the Joint Venture agreement has structured ADCW's governance, trading, operating and cash flow apparatus as a stand-alone organisation.

Whilst Carillion has entered into receivership, KBR continues to stand behind ADCW and is committed to the successful delivery of ABP.

Trading Update

ADCW's independently audited accounts show that in terms of both profitability and cash flow that our actual performance to date has been strong and our future performance on our ABP contract has not been impacted by Carillion's insolvency and our forecasted performance remains positive. For clarity, and in direct response to some of the questions we have received, our cash balance has not been affected by recent events and consequently, we are happy to confirm that our ability to pay all of our supply chain on time remains completely unaffected.

Please direct any questions to our Head of Supply Chain – Darren Crew
Darren.Crew@aspiredefence.co.uk

Paul Dempster
Managing Director
Aspire Defence Capital Works