

**E-mail exchange between Greg Malpass, Managing Partner Think Big Partnership and Frank Field Co-Chairman
Government Joint Select Committee Review of Collapse of Carillion Plc, February 2018**

From: frank.field.mp@parliament.uk
Date: 19/02/2018 - 13:16 (RST)
To: syler.bros@btinternet.com
Subject: RE: Carillion- Opinion



Dear Greg Malpass,

Thanks for your email. Our inquiry has a long way to run; we have much evidence to collect as well as a whole series of questions to follow up about the Carillion operation, and I am grateful for the views and information you have shared.

Best wishes,

Frank Field

From: GREG MALPASS [mailto:syler.bros@btinternet.com]
Sent: 18 February 2018 15:31
To: FIELD, Frank <frank.field.mp@parliament.uk>
Subject: Carillion- Opinion



Dear Frank

I am following the Work and Pensions and BEIS Committees joint inquiry into the collapse of Carillion. The Committees will be investigating how a company that was signed off by KPMG as a going concern in Spring 2017 could crash into liquidation.

I am an independent Construction Analyst based in Weston Turville, Aylesbury Berks HP22 5SL; and Malaga Spain 29630, and have been involved in analysing Carillion's woes, and offering advice since late in 2016.

The bottom line of my analysis is:

- 1) It is very difficult for Auditors to fully assess the value of Work-in-progress on large contractors' Balance Sheets, without full due-diligence on potential problem contracts. Difficulties of checking revenue recognition and estimates of cost assessments are finally starting to be addressed by the Accounting Profession with IFRS 15, only implemented this year.
- 2) If proven that senior management were aware of the Management Accounts irregularities (in reporting major loss making projects) at an earlier date than public announcements suggest, then that is a matter for the Committees to consider. However, throughout my analysis of Carillion I have stated to management, and publicly, that Carillion should have been focused on seeking a large financially strong acquirer to save the company- not the fire-sale/disposal of subsidiaries and other capital raising methods to generate short term cash.

For your information, details of my analysis and dialogue with management, its advisors, and the media are given in the links below.

Kind Regards

Greg Malpass

<https://www.thinkbigpartnership.com>

Links:

PTO

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Copy of Links:

<https://nebula.wsimg.com/3d9a2c4fc82e2100997863fe641e9f9e?AccessKeyId=95B6737F98B38E354D56&disposition=0&alloworigin=1>

<https://nebula.wsimg.com/28e78a59a3991aa9e63cc07241d71c07?AccessKeyId=95B6737F98B38E354D56&disposition=0&alloworigin=1>

<https://nebula.wsimg.com/55a62a197347d66ad5f6e561ed60c5cc?AccessKeyId=95B6737F98B38E354D56&disposition=0&alloworigin=1>

<https://nebula.wsimg.com/f4822725ac6815fed0993a30cf0ca567?AccessKeyId=95B6737F98B38E354D56&disposition=0&alloworigin=1>

KPMG's Report on "The impact on the construction industry of new IFRS revenue standard"

<https://home.kpmg.com/content/dam/kpmg/pdf/2014/10/First-Impressions-O-201409-Impacts-on-the-construction-industry-of-the-new-revenue-standard.pdf>

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Disclaimer:

"The comments made in this E Mail and comments in attachments made during 2017/2018, are based purely on the opinion of www.thinkbigpartnership.com and are not to be considered statements of fact, nor represent the opinion of others. They should not have any impact on the up-coming Committees' Review procedures"