

Company Registration No. 215402

**Balfour Beatty Engineering Services
(HY) Limited**

Report and Financial Statements

31 December 2011



Balfour Beatty Engineering Services (HY) Limited

Report and financial statements 2011

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Balfour Beatty Engineering Services (HY) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year 31 December 2011

Principal activities and business review

On 31 March 2010 the trade and assets of the company were transferred to Balfour Beatty Group Limited and the company ceased to trade at this time. As required by FRS18, 'Accounting Policies', the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

From 31 March 2010, the Company acts as an agent of Balfour Beatty Group Limited in the business of mechanical, electrical and public health contracting. The transactions in respect of the activities performed by Balfour Beatty Engineering Services (HY) Limited in its capacity as agent are dealt with in the financial statements of Balfour Beatty Group Limited. The Directors expect there to be no changes in the activities or prospects of the Company.

Results

The Company has not traded on its own account during the current year and has made neither a profit nor a loss, nor any other recognised gain or loss. The financial statements for the year ended 31 December 2011 are set out on pages 6 to 12.

Directors

The following were directors of the company throughout the year (except as shown)

A G Currie
R M Griffiths
A P Scott
E Anderson (Appointed 31 January 2012)
C Morgan (Resigned 30 March 2012)

Financial Instruments

The Company's activities do not expose it to price risk, liquidity risk or cash flow risk. The Company's financial assets are amounts owed by Balfour Beatty Group undertakings, for which the credit risk is limited. The Company has not used financial instruments to change its exposure to any of the above risks.

Disclosure of information to auditor

Each of the directors at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

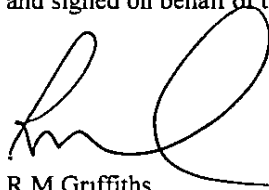
Balfour Beatty Engineering Services (HY) Limited

Directors' report (continued)

Independent auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



R M Griffiths

Director

22 June 2012

86 Station Road
Redhill
Surrey
RH1 1PQ

Balfour Beatty Engineering Services (HY) Limited

Directors' responsibilities statement

The directors are responsible for preparing the 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 judgments and accounting estimates that are reasonable and prudent, 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Balfour Beatty Engineering Services (HY) Limited

We have audited the financial statements of Balfour Beatty Engineering Services (HY) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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 auditor's report to the members of Balfour Beatty Engineering Services (HY) 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



Michael McGregor ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Edinburgh, United Kingdom

22 June 2012

Balfour Beatty Engineering Services (HY) Limited

Profit and loss account For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Turnover	3	-	49,064
Operating costs	4	-	(47,560)
Operating profit		-	1,504
Loss on sale of discontinued operations		-	(313)
Profit on ordinary activities before interest		-	1,191
Net interest payable	8	-	(69)
Profit on ordinary activities before taxation	5	-	1,122
Tax credit on profit on ordinary activities	9	-	5
Profit for the financial year	12,13	-	1,127

All results in the current and preceding year arise from discontinued operations

The accompanying notes form an integral part of this profit and loss account

There are no recognised gains or losses in 2010 or 2011 other than the results for those financial years. Accordingly no Statement of Total Recognised Gains and Losses is given

Balfour Beatty Engineering Services (HY) Limited

Balance sheet As at 31 December 2011

	Notes	2011 £'000	2010 £'000
Current assets			
Debtors – amounts falling due within one year	10	15,057	15,057
Net assets		<u>15,057</u>	<u>15,057</u>
Share capital and reserves			
Called up share capital	11	15,000	15,000
Profit and loss account	12	57	57
Shareholders' funds	13	<u>15,057</u>	<u>15,057</u>

The financial statements of Balfour Beatty Engineering Services (HY) Limited, Company Number 215402 were approved by the Board of Directors on 22 June 2012

Signed on behalf of the Board of Directors



R M Griffiths
Director

22 June 2012

Balfour Beatty Engineering Services (HY) Limited

Notes to the financial statements For the year ended 31 December 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, all of which have been applied consistently throughout the current and prior year

Basis of accounting

The financial statements have been prepared under the historical cost convention. Consolidated financial statements have not been prepared as afforded by section 400 of the Companies Act 2006, since the company is a wholly owned subsidiary undertaking of Balfour Beatty plc, a company registered in England and Wales, which has prepared consolidated financial statements which include the company and its subsidiary undertakings

Going concern

On 31 March 2010 the trade and assets of the company were transferred to another Balfour Beatty group company and the company became an agency company. As required by FRS18, 'Accounting Policies', the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Long-term contract work-in-progress

Profit on individual contracts is taken only when their outcome can be foreseen with reasonable certainty, based on the lower of the percentage margin earned to date and that prudently forecast at completion, taking account of agreed claims. Full provision is made for all known or expected losses on individual contracts, taking a prudent view of future claims income, immediately as such losses are foreseen.

Unbilled contract work in progress is valued at the lower of cost and estimated sales value. Applications for progress payments are deducted from cost with any excess included in other creditors as advance progress payments on account.

Pre-contract costs are expensed as incurred until it is virtually certain that a contract will be awarded, from which time further pre-contract costs are recognised as an asset and charged as an expense over the period of the contract. Amounts recovered in respect of costs that have been written-off are deferred and amortised over the life of the contract.

In assessing the performance and establishing the valuation of amounts recoverable on contracts, the amounts recorded are dependent upon negotiations with its customers, which sometimes are complex and unlikely to be resolved in the short-term. Accordingly, management have made the best estimate of the likely future outcomes based on the information currently available to them.

Turnover

Turnover represents amounts invoiced to outside customers, net of trade discounts, value added and other similar sales based taxes, except in respect of contracting activities where turnover represents the value of work carried out during the year including amounts not invoiced.

Operating leases

The rental costs arising from operating leases are charged against operating profit on a straight-line basis over the lease term.

Balfour Beatty Engineering Services (HY) Limited

Notes to the financial statements (continued) Year ended 31 December 2011

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including United Kingdom corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in the obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise for the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Cash flow statement

Under the provisions of Financial Reporting Standard No 1 "Cash Flow Statements" (Revised), the company has not prepared a cash flow statement because its ultimate parent company, Balfour Beatty plc, which is registered in England and Wales, has prepared consolidated financial statements including the cash flows of the company

2. TRADING RESULTS

From 31 March 2010, all transactions were entered into as agent of Balfour Beatty Group Limited in whose financial statements such transactions were recorded. The company has not traded on its own account during the year and accordingly has made neither a profit nor a loss, nor any other recognised gain or loss

3. TURNOVER AND PROFIT

Turnover and profit on ordinary activities before taxation relate to the company's principal activities of design, management, construction and commissioning of mechanical, electrical, plumbing and fire protection engineering services. All turnover relates to sales within the United Kingdom

4. OPERATING COSTS

	2011 £'000	2010 £'000
Distribution costs	-	44,013
Administrative expenses	-	3,547
	<u>-</u>	<u>47,560</u>

Balfour Beatty Engineering Services (HY) Limited

**Notes to the financial statements (continued)
Year ended 31 December 2011**

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	2011 £'000	2010 £'000
Depreciation of owned assets	-	133
Operating lease rentals		
- plant and equipment	-	424
- other	-	325
Auditor's remuneration in respect of the audit of the company's annual financial statements	-	15
	<u>-</u>	<u>15</u>

The auditor's remuneration for the audit of the company's financial statements was £1,050 (2010 - £15,000)

The auditor's remuneration was borne by another group company in the current year

There were no non-audit services in either year

6. INFORMATION REGARDING EMPLOYEES AND DIRECTORS

The emoluments of all the directors in the current and prior year were met by Balfour Beatty Group Limited

It is not considered practicable to apportion remuneration paid by that group company to subsidiary companies

7. DIVIDENDS

	2011 £'000	2010 £'000
Dividends paid per share in year of £nil (2010 £0 22)	-	3,300
	<u>-</u>	<u>3,300</u>

8. NET INTEREST PAYABLE

	2011 £'000	2010 £'000
Bank interest payable	-	69
	<u>-</u>	<u>69</u>
	<u>-</u>	<u>69</u>

Balfour Beatty Engineering Services (HY) Limited

Notes to the financial statements (continued) Year ended 31 December 2011

9. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
The tax credit comprises		
United Kingdom corporation tax at 26.5% (2010 – 28%)	-	328
Adjustments in respect of prior years	-	7
	<u>-</u>	<u>335</u>
Total current tax	-	335
Deferred tax	-	(340)
Tax on profit on ordinary activities	<u>-</u>	<u>(5)</u>

The differences are explained below

	2011 £'000	2010 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	-	1,122
	<u>-</u>	<u>1,122</u>
Tax on ordinary activities at 26.5% (2010 - 28%)	-	314
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	38
Depreciation in excess of capital allowances	-	(12)
Adjustments to tax charge in respect of previous years	-	7
Other	-	(12)
	<u>-</u>	<u>335</u>

10. DEBTORS

	2011 £'000	2010 £'000
Amounts falling due within one year		
Loan to group undertaking	15,057	15,057
	<u>15,057</u>	<u>15,057</u>

11. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Allotted, called up and fully paid:		
15,000,000 ordinary shares of £1 each	15,000	15,000
	<u>15,000</u>	<u>15,000</u>

Balfour Beatty Engineering Services (HY) Limited

Notes to the financial statements (continued) Year ended 31 December 2011

12. PROFIT AND LOSS ACCOUNT

	2011 £'000
At 1 January	57
Profit for the financial year	-
At 31 December	<u>57</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Profit for the financial year	-	1,127
Dividends paid	-	(3,300)
Net reduction to shareholders' funds	<u>-</u>	<u>(2,173)</u>
Opening shareholders' funds	<u>15,057</u>	<u>17,230</u>
Closing shareholders' funds	<u>15,057</u>	<u>15,057</u>

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of FRS 8, 'Related Party Disclosures', not to disclose transactions with other group entities

15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary undertaking of Balfour Beatty Group Limited, registered in England and Wales, which does not prepare consolidated financial statements

The Company's ultimate parent company and controlling party is Balfour Beatty plc, which is registered in England and Wales. The only group in which the results of the company are consolidated is that headed by Balfour Beatty plc. The consolidated financial statements of Balfour Beatty plc are available to the public and may be obtained from Balfour Beatty plc, 130 Wilton Road, London, SW1V 1LQ, and on the Balfour Beatty website www.balfourbeatty.com