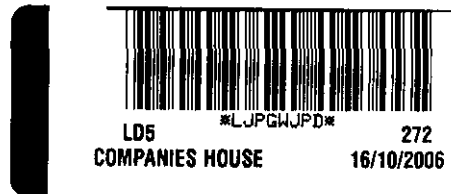


Company Registration No. 215402

Haden Young Limited

Report and Financial Statements

31 December 2005



Haden Young Limited

Report and financial statements 2005

Contents	Page
Directors' report	1
Statement of directors' responsibilities	5
Independent auditors' report	6
Profit and loss account and Statement of recognised gains and losses	7
Balance sheet	8
Notes to the accounts	9

Haden Young Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activity

The principal activities of the company are the design, construction and commissioning of mechanical, electrical, public health and fire protection engineering.

The directors are determined to maintain sound disciplines when identifying, evaluating and managing risk and have implemented a Risk Management Framework within the company's procedures. We seek to accept only those risks that can be successfully managed and are reasonable in the context of the scope and nature of the contracts undertaken by the company.

The directors continue to avoid unduly onerous contract conditions and to use our technical and management skills to develop partnerships with clients across selected market segments in the public and private sectors. We have been able to consolidate our position as one of the leading companies within the building and engineering industry in the United Kingdom.

The directors strive to develop repeat business relationships with clients and to maintain a leading position in the Private Finance Initiative/Public Private Partnerships Market, particularly in the field of healthcare, education and infrastructure services. This strategy will continue for 2006 and beyond.

Results and dividends

The audited accounts for the year ended 31 December 2005 are set out on pages 7 to 22. The profit for the year after taxation was £6,685,000 (2004: £6,018,000). An interim ordinary dividend of £5m was proposed and paid during the year (2004: £20m). No final ordinary dividend was proposed as at 31 December 2005 (2004: £nil).

Directors

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

P J Barnes
D G Beck
L Elliot
A G Currie
E W Greenhalgh
G J Bryce
R C Wymes (appointed 1 September 2005)

Subsequent to the year end Mr B Hyam was appointed as a Director on the 1 January 2006.

Haden Young Limited

Directors' report (continued)

Directors' interests

The interests of the directors in the share and loan capital of Balfour Beatty plc, the ultimate parent company were:

	At 1 January 2005	Options exercised in year	Options granted in year	At 31 December 2005
P J Barnes				
<i>Executive Share Options</i>	70,227	-	-	70,227
D G Beck				
<i>Executive Share Options</i>	28,635	-	-	10,227
L Elliot				
<i>Executive Share Options</i>	45,000	15,000	-	30,000
<i>Savings – Related Options</i>	4,803	-	1,004	5,807
A G Currie				
<i>Executive Share Options</i>	53,000	15,000	-	38,000
E W Greenhalgh				
<i>Executive Share Options</i>	45,000	15,000	-	30,000
<i>Savings – Related Options</i>	1,095	-	-	1,095
G J Bryce				
<i>Executive Share Options</i>	60,000	15,000	-	45,000
<i>Savings – Related Options</i>	1,346	557	-	789

During the year the 18,408 options granted to Mr D G Beck, under the executive share option scheme 1995, lapsed unexercised.

Conditional awards have been made to Mr D G Beck under the 2003, 2004 and 2005 cycles of the Performance Share Plan 2001 established by Balfour Beatty plc. For each award under this Plan, the Director may receive ordinary shares in Balfour Beatty plc up to a maximum number equivalent in market value to his basic salary at the date of award. The shares for each award will vest and be transferred to the Director if, and only to the extent that, an earnings per share growth target is met over the three year performance period. The performance period for the 2002 cycle was completed on 31 December 2004 and as a result, Mr D G Beck exercised the right in respect of 34,425 ordinary shares in Balfour Beatty plc. The performance period for the 2003 cycle was completed on 31 December 2005 and, as a result, Mr D G Beck will become entitled to awards of 37,798 ordinary shares in Balfour Beatty plc. Further details of the Plan are disclosed in the annual report and accounts of Balfour Beatty plc.

All interests shown are beneficial and are in respect of numbers of 50p ordinary shares of Balfour Beatty plc.

None of the above directors had any interest (including options) in the company or fellow subsidiary undertakings at the relevant dates.

Haden Young Limited

Directors' report (continued)

Employment of disabled persons

Employment with the company and progression within the company is determined solely by the application of objective criteria and merit. The policy of the company is to give full and fair consideration to disabled persons who have the necessary aptitude and abilities to perform the duties of the job. It is also the policy of the company that disabled people should receive equal consideration for career development and promotion opportunities, to provide appropriate training and to ensure that if an employee becomes disabled whilst in the company's employment, all practical efforts are made to identify suitable alternative opportunities.

Employee consultation

The company recognises the importance of good communication with its employees and places considerable value on involving them, on a regular basis, in understanding the performance of the company and the contribution, which it makes to that of the Balfour Beatty Group. An abbreviated financial report of the Balfour Beatty Group is circulated annually to all employees. Subject to certain age and service qualifications, employees are entitled to participate in the Balfour Beatty plc Savings Related Share Option Scheme.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction or a series of transactions, to seek to ensure that suppliers are made aware of the terms of payment, and to abide by the terms of payment as and when satisfied that the supplier has provided the goods or services in accordance with agreed terms. At 31 December 2005, the year end creditors days of the company were 40 days (2004: 32 days).

Risk management

The importance of risk management has been recognised by the Company for many years. Central to the Company's systems of internal control are its processes and framework for risk management which have been adopted by the Parent Company. These accord with the Turnbull Guidance on internal controls and were in place throughout the year and up to the date of the signing of this report. The framework is applied to all functions in the Company, whether operational, financial or support. Under it, key risks facing each part of the Company are regularly reviewed and assessed, together with the steps to avoid or mitigate those risks. The results of those reviews are placed on risk registers and, where necessary, specific action plans developed. The registers are required to be updated on a regular basis, and the reporting procedures laid down ensure a continuing flow of risk information to the Audit Committee of the Parent Company.

Further details of these risk management processes are given in the Parent Company's Annual Report and Accounts 2005.

Financial instruments

The Company monitors its exposure to price risk, credit risk and liquidity risk on an ongoing basis and has not used financial instruments to change its exposure to these risks.

Research and development

Research and development costs of £64,000 (2004: £48,000) were incurred in the year.

Safety and environmental policy

The health and safety of its employees and of the public is of fundamental importance to the company. Continued improvements were achieved during 2005 in safety management using the safety audit system of OHSAS 18001.

Haden Young Limited

Directors' report (continued)

Research and development

Research and development costs of £64,000 (2004: £48,000) were incurred in the year.

Safety and environmental policy

The health and safety of its employees and of the public is of fundamental importance to the company. Continued improvements were achieved during 2005 in safety management using the safety audit system of OHSAS 18001.

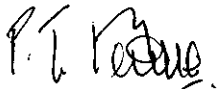
The company has a responsible attitude to the health, safety and the environment with which it is concerned. It seeks always to act in accordance with good practice, preserving, and where possible, enhancing the quality of the environment.

The company's systems for environmental monitoring and reporting, which are linked with existing safety systems, include formal procedures for the evaluation of safety and environmental risk at the tender stage. Training on environmental issues continues to form a significant part of these systems. The Company also has achieved continued accreditation to ISO 14001.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors 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



P J Barnes
Director

12th October 2006

42-44 Clarendon Road
Watford
Hertfordshire
WD17 1DR

Haden Young Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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 applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Haden Young Limited

We have audited the financial statements of Haden Young Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the statement of recognised gains and losses, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

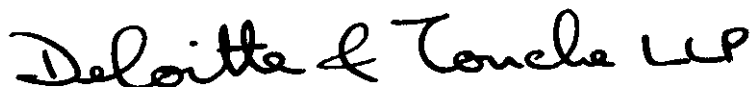
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

12th October 2006

Haden Young Limited

Profit and loss account Year ended 31 December 2005

	Notes	2005 £'000	2004 (restated) £'000
Turnover	1, 2	193,759	179,441
Operating costs	3	<u>(187,139)</u>	<u>(173,285)</u>
Operating profit		6,620	6,156
Net interest receivable and similar income	7	2,585	2,066
Other finance income	23	<u>346</u>	<u>399</u>
Profit on ordinary activities before taxation	4	9,551	8,621
Tax on profit on ordinary activities	8	<u>(2,866)</u>	<u>(2,603)</u>
Profit on ordinary activities after taxation		6,685	6,018
Dividends paid	9	<u>(5,000)</u>	<u>(20,000)</u>
Retained profit/(loss) for the year	18	<u><u>1,685</u></u>	<u><u>(13,982)</u></u>

All activities are from continuing operations in the United Kingdom.

Statement of recognised gains and losses Year ended 31 December 2005

	Notes	2005 £'000	2004 (restated) £'000
Retained profit/(loss) for the year		1,685	(13,982)
Actuarial losses on retirement obligations	23	(3,224)	(967)
Deferred tax on pension deficit		<u>967</u>	<u>290</u>
Total recognised losses for the year		(572)	(14,659)
Prior period adjustment – implementation of FRS 17	23	<u>(8,999)</u>	<u><u>(14,659)</u></u>
Total recognised losses since last annual report and financial statements		<u><u>(9,571)</u></u>	

Haden Young Limited

Balance sheet 31 December 2005

	Notes	2005 £'000	2004 (restated) £'000
Fixed assets			
Tangible assets	10	821	915
Investments	11	13	13
		<u>834</u>	<u>928</u>
Current assets			
Stocks	12	319	313
Debtors			
- due within one year	13	36,120	28,982
- due after one year	13	1,651	1,921
Cash at bank and in hand	14	53,600	59,068
		<u>91,690</u>	<u>90,284</u>
Creditors: amounts falling due within one year	15	<u>(67,270)</u>	<u>(67,297)</u>
Net current assets		<u>24,420</u>	<u>22,987</u>
Total assets less current liabilities		25,254	23,915
Creditors: amounts falling due after more than one year	16	(893)	(1,516)
Retirement benefit obligations	23	<u>(11,033)</u>	<u>(8,499)</u>
Net assets		<u>13,328</u>	<u>13,900</u>
Share capital and reserves			
Called up share capital	17	15,000	15,000
Profit and loss account	18	<u>(1,672)</u>	<u>(1,100)</u>
Equity shareholders' funds	19	<u>13,328</u>	<u>13,900</u>

These financial statements were approved by the Board of Directors on 12th October 2006.

Signed on behalf of the Board of Directors



D G Beck
Director



L Elliot
Director

Haden Young Limited

Notes to the accounts Year ended 31 December 2005

1. Accounting policies

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

Basis of accounting

The Company has adopted FRS 17 "Retirement benefits" in these financial statements and comparative figures have been restated accordingly. This restatement reduced profit on ordinary activities before taxation in 2004 by £1m and reduced tax on ordinary activities by £0.3m. Shareholders' funds at 31 December 2004 were reduced by £9m, net of deferred taxation of £3.6m.

The accounts have been prepared under the historical cost convention. Consolidated accounts have not been prepared as afforded by section 228 of the Companies Act 1985, since the company is a wholly owned subsidiary undertaking of Balfour Beatty plc, a company registered in England and Wales, which has prepared consolidated accounts which include the company and its subsidiary undertakings.

Investments

Investments are stated at cost less provision for impairment. The carrying values of these investments are reviewed annually by the directors to determine whether there has been any impairment to their values.

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. Profit for the year includes the benefit of claims settled on contracts in prior years.

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.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provisions for impairment.

Depreciation is calculated on the cost of tangible fixed assets and is charged on the straight-line basis so as to write down each asset over its expected useful life. Periodic reviews of the working lives of assets are carried out to take into account greater than normal usage and obsolescence, and further depreciation is charged as necessary.

Depreciation is charged at appropriate annual rates as follows:

Short term leasehold land and buildings	-	10%
Plant and equipment	-	from 10% to 33%

Operating leases

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

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

1. Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value. Loose plant and tools are valued at cost less depreciation. Provision is made for obsolete or defective items where appropriate.

Pensions

For defined benefit pension schemes, the cost of providing benefits recognised in the profit and loss account and the defined benefit obligation is determined at the balance sheet date using the projected unit credit method by independent actuaries. The liability recognised in the balance sheet comprises the present value of the defined benefit pension obligation, determined by discounting the estimated future cash flows using the rate of interest on a high quality corporate bond, less the fair value of the plan assets. Actuarial gains and losses are recognised in full outside the profit and loss account in the period in which they occur in the statement of total recognised gains and losses. Contributions to defined contribution pension schemes are charged to the profit and loss account as they fall due.

Research and development costs

Research and development costs are written off as incurred.

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 substantially 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 holding company, Balfour Beatty plc, which is registered in England and Wales, has prepared consolidated accounts and which contain a cash flow statement.

2. 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.

3. Operating costs

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

	2005 £'000	2004 (restated) £'000
Materials and subcontractors	116,947	106,827
Staff costs (see note 5)	59,022	54,735
Other operating charges	11,170	11,723
	<u>187,139</u>	<u>173,285</u>

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2005 £'000	2004 £'000
Depreciation of owned assets	343	397
Operating lease rentals		
- plant and equipment	1,620	1,875
- other	1,487	1,535
Auditors' remuneration (audit fees)	85	88
Research and development cost	64	48
	<u>3,989</u>	<u>4,443</u>

There were no non-audit fees incurred in the year (2004: £nil).

5. Staff costs

Employee costs during the year (including directors) amounted to:

	2005 £'000	2004 (restated) £'000
Wages and salaries	52,076	47,798
Social security costs	4,123	4,077
Other pension costs	2,823	2,860
	<u>59,022</u>	<u>54,735</u>

The average monthly number of employees during the year, including directors, was:

	2005 No.	2004 No.
	<u>1,450</u>	<u>1,502</u>

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

6. Directors' remuneration

The remuneration of the directors was as follows:

	2005 £'000	2004 £'000
Emoluments	<u>890</u>	<u>897</u>

The above amounts do not include any gains made on the exercising of share options or the value of any shares or share options received under long-term incentive schemes. Details of directors who exercised share options, or became entitled to shares under a long-term incentive scheme in the year are disclosed on page 2.

Pensions

The number of directors who were members of pension schemes was as follows:

	2005 No.	2004 No.
Defined benefit schemes	<u>7</u>	<u>6</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2005 £'000	2004 £'000
Emoluments	<u>208</u>	<u>220</u>

The above amounts do not include any gains made on the exercising of share options or the value of any shares or share options received under long-term incentive schemes. Details of directors who exercised share options, or became entitled to shares under a long-term incentive scheme in the year are disclosed on page 2.

The accrued annual pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2005 was £164,150 (2004 – £156,650) and the accrued lump sum entitlement at 31 December 2005 was £268,514 (2004 – £252,000).

7. Net interest receivable and similar income

	2005 £'000	2004 £'000
Other interest payable	(1)	(3)
Bank interest receivable	<u>2,586</u>	<u>2,069</u>
	<u>2,585</u>	<u>2,066</u>

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

8. Tax on profit on ordinary activities

	2005 £'000	2004 (restated) £'000
The tax charge is based on the profit for the year and comprises:		
UK corporation tax		
Current tax on income for the year	2,995	2,927
Adjustments in respect of prior years	(82)	(47)
	<hr/>	<hr/>
Total current tax	2,913	2,880
Deferred tax (see note 13)	72	22
Deferred tax credit on retirement obligations	(119)	(299)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>2,866</u>	<u>2,603</u>

The current tax charge for the year is lower than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2005 £'000	2004 (restated) £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	9,551	8,621
	<hr/>	<hr/>
Tax on ordinary activities at 30% (2004 – 30%)	2,865	2,586
<i>Effects of:</i>		
Expenses not deductible for tax purposes	83	79
Capital allowances in excess of depreciation	(17)	(29)
Other short term timing differences	(55)	(8)
Adjustments to tax charge in respect of previous periods	(82)	(47)
Deferred tax obligations on pensions	119	299
	<hr/>	<hr/>
	<u>2,913</u>	<u>2,880</u>

9. Dividends

	2005 £'000	2004 £'000
Interim dividend paid	5,000	20,000
	<hr/>	<hr/>

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

10. Tangible fixed assets

	Short-term leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2005	354	3,160	3,514
Additions	-	258	258
Disposals	(81)	(568)	(649)
At 31 December 2005	<u>273</u>	<u>2,850</u>	<u>3,123</u>
Depreciation			
At 1 January 2005	280	2,319	2,599
Charge for the year	25	318	343
Disposals	(81)	(559)	(640)
At 31 December 2005	<u>224</u>	<u>2,078</u>	<u>2,302</u>
Net book value			
At 31 December 2005	<u>49</u>	<u>772</u>	<u>821</u>
At 31 December 2004	<u>74</u>	<u>841</u>	<u>915</u>

11. Fixed asset investments

	2005 £'000	2004 £'000
Subsidiary undertakings:		
Cost and net book value		
At 31 December	<u>13</u>	<u>13</u>

The principal subsidiary undertakings of the company are:

	Shareholding	Class of shares held	Country of registration	Principal activity
Haden Airflow Limited	100%	Ordinary	England and Wales	Dormant
GN Haden Limited	100%	Ordinary	England and Wales	Dormant

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

12. Stocks

	2005 £'000	2004 £'000
Raw materials and consumables	319	313

13. Debtors

	2005 £'000	2004 (restated) £'000
Amounts falling due within one year:		
Trade debtors	29,050	13,496
Amounts recoverable on contracts	5,455	14,176
Amounts due from other group undertakings	252	57
Other debtors	699	512
Prepayments and accrued income	445	450
Deferred tax asset (excluding pension deferred tax asset)	219	291
	<u>36,120</u>	<u>28,982</u>

Amounts falling due after more than one year:

Contract retentions	<u>1,651</u>	<u>1,921</u>
---------------------	--------------	--------------

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

13. Debtors (continued)

The provision for deferred tax is based on a corporation tax rate of 30%. The recognised amount of deferred tax, included in debtors, comprises as follows:

	2005 £'000	2004 (restated) £'000
The deferred tax asset recognised comprises:		
Timing differences relating to capital allowances	206	222
Other timing differences	13	69
	<hr/>	<hr/>
Deferred tax excluding that relating to pension asset	219	291
	<hr/>	<hr/>
Deferred tax relating to pension deficit	4,728	3,642
	<hr/>	<hr/>
Total provision for deferred tax	4,947	3,933
	<hr/>	<hr/>
At 1 January 2005 as previously reported	291	
Prior year adjustment – implementation of FRS 17	3,642	
	<hr/>	
At 1 January 2005 as restated	3,933	
Deferred tax charge through profit and loss account	47	
Deferred tax charge through statement of total recognised gains and losses	967	
	<hr/>	
At 31 December 2005	4,947	
	<hr/>	

In the opinion of the directors the timing differences giving rise to the deferred tax assets will reverse in the foreseeable future.

14. Cash at bank and in hand

Cash at bank and in hand includes the company's share of amounts held by contracting joint arrangements of £4,637,789 (2004: £12,323,961).

15. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Advance payments from customers	13,513	3,356
Trade creditors	40,634	41,718
Amounts owed to other group undertakings	1,005	908
Taxation, social security and other taxes:		
- corporation tax payable	1,591	1,533
- social security and other taxes	5,216	6,851
Other creditors	1,156	1,418
Accruals and deferred income	4,155	11,513
	<hr/>	<hr/>
	67,270	67,297
	<hr/>	<hr/>

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

16. Creditors: amounts falling due after more than one year

	2005 £'000	2004 £'000
Advance payments from customers	893	1,516

17. Called up share capital

	2005 £'000	2004 £'000
Authorised:		
20,000,000 ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid:		
15,000,000 ordinary shares of £1 each	15,000	15,000

18. Profit and loss account

	2005 £'000	2004 £'000
At 1 January (as previously reported)		7,899
Prior year adjustment – implementation of FRS 17		(8,999)
At 1 January (as restated)		(1,100)
Retained profit for the year		1,685
Other recognised (losses) for the year:		
- actuarial (losses) on retirement obligations (net of taxation)		(2,257)
At 31 December		(1,672)
		2004 (restated)
Pension reserve	9,361	£'000
Profit and loss reserve excluding pension deficit	9,361	7,899
Amount relating to defined benefit pension scheme liability, net of related deferred tax	(11,033)	(8,999)
Profit and loss reserve	(1,672)	(1,100)

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

19. Reconciliation of movements in equity shareholders' funds

	2005 £'000	2004 (restated) £'000
Profit for the financial year	6,685	6,018
Dividends paid on ordinary shares	(5,000)	(20,000)
Retained profit for the year	1,685	(13,982)
Other gains and losses for the year:		
- actuarial losses on retirement benefit obligations (net of taxation)	(2,257)	(677)
Net addition to shareholders funds	(572)	(14,659)
Opening equity shareholders' funds (as previously reported)	13,900	36,185
Prior year adjustment – implementation of FRS 17	-	(7,626)
Opening equity shareholders' funds (as restated)	13,900	28,559
Closing equity shareholders' funds	13,328	13,900

20. Contingent liabilities

The company has, in the normal course of business, entered into counter-indemnities in respect of bonds relating to its own contracts, which, in the directors' opinion, will not give rise to any material loss.

21. Capital commitments

There were nil capital commitments at 31 December 2005 (2004: £9,850).

22. Leasing commitments

	2005		2004	
	Short term leasehold land and buildings £'000	Other £'000	Short term leasehold land and buildings £'000	Other £'000
Date of expiry:				
Within one year	355	426	104	459
Between two and five years	415	1,302	397	1,392
After five years	609	-	817	-
	<u>1,379</u>	<u>1,728</u>	<u>1,318</u>	<u>1,851</u>

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

Pensions

Certain employees of the Company are members of the Balfour Beatty Pension Fund which is managed by the Parent Company. This is principally a defined benefit pension scheme and is funded. Contributions are determined in accordance with independent actuarial advice and are based on pension costs across the Parent Company and its subsidiaries as a whole. The latest formal valuation of the Balfour Beatty Pension Fund was carried out by the actuaries as at 31 March 2004 using the projected unit method and disclosed an excess of assets over past service liabilities of 1.7%. The principal actuarial assumptions of the Balfour Beatty Pension Fund are for investment returns to exceed inflation by 5.4% per annum for active and deferred members pre-retirement, by 2.9% per annum for active and deferred members post-retirement and by 2.4% per annum for pensioners, widows and dependants.

The Parent Company's actuaries have reviewed the funding valuations of the Balfour Beatty Pension Fund at 31 December 2005. Further details of these reviews can be found in the Balfour Beatty plc 2005 Annual Report and Accounts (note 25).

The latest actuarial funding valuations of the Balfour Beatty Pension Fund has been updated by the actuaries to 31 December 2005 on the basis prescribed by FRS 17. In particular, scheme liabilities have been discounted using the rate of return on a high quality corporate bond rather than the expected rate of return on the assets in the scheme used in the funding valuations.

The policy of the Balfour Beatty Group is that the assets, liabilities, income and expenditure relating to the Balfour Beatty Pension Fund should be allocated to each of the participating companies in the scheme in proportion to pensionable payroll for the year. The disclosures shown below reflect the Company's proportion of the total Balfour Beatty Pension Fund.

	2005	2004	2003
	%	%	%
The principal assumptions used by the actuaries were:			
Inflation rate	2.8	2.8	2.7
Discount rate	4.8	5.3	5.4
Rate of increase in salaries	4.3	4.3	4.2
Rate of increase in pensions in payment	2.8	2.8	2.7

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

23. Pensions (continued)

The fair value of the assets held by the scheme, the expected rate of return on those assets and the present value of the scheme liabilities were:

	Long-term expected rate of return at 31 December 2005 %	Value at 31 December 2005 £'000	Long-term expected rate of return at 31 December 2004 %	Value at 31 December 2004 £'000	Long-term expected rate of return at 31 December 2003 %	Value at 31 December 2003 £'000
Equities	8.10	60,867	8.30	44,940	8.50	42,032
Bonds	4.50	86,544	4.70	66,603	4.83	62,596
Other assets	3.80	117	3.80	2,064	3.70	1,542
Total market value of assets	5.98	147,528	6.11	113,607	6.27	106,170
Present value of scheme liabilities		(163,289)		(125,748)		(116,766)
Deficit in scheme		(15,761)		(12,141)		(10,596)
Related deferred tax		4,728		3,642		3,182
Net pension liability		<u>(11,033)</u>		<u>(8,499)</u>		<u>(7,414)</u>

The analysis of the movement in the deficit in the scheme is as follows:

	2005 £'000	2004 £'000
At 1 January	(12,141)	(10,596)
Current service cost	(3,169)	(3,259)
Contributions paid	2,427	2,282
Other finance income	346	399
Actuarial loss	(3,224)	(967)
At 31 December	<u>(15,761)</u>	<u>(12,141)</u>

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

23. Pensions (continued)

History of experience gains and losses:

	Amount £'000	% of scheme assets/ (liabilities)
	2005	2005
Actual return less expected return on pension scheme assets	30,472	20.7%
Experience gains and losses arising on scheme liabilities	(21,744)	(13.3%)
Changes in assumptions underlying the present value of scheme liabilities	(11,952)	(7.3%)
	<u>(3,224)</u>	<u>(2.0%)</u>
	2004	2004
Actual return less expected return on pension scheme assets	3,128	2.8%
Experience gains and losses arising on scheme liabilities	(4,531)	(3.6%)
Changes in assumptions underlying the present value of scheme liabilities	436	0.4%
	<u>(967)</u>	<u>(0.8%)</u>
	2003	2003
Actual return less expected return on pension scheme assets	6,448	6.1%
Experience gains and losses arising on scheme liabilities	1,326	1.1%
Changes in assumptions underlying the present value of scheme liabilities	(10,650)	(9.1%)
	<u>(2,876)</u>	<u>(2.5%)</u>
	2002	2002
Actual return less expected return on pension scheme assets	(10,642)	(10.9%)
Experience gains and losses arising on scheme liabilities	1,311	1.3%
Changes in assumptions underlying the present value of scheme liabilities	(1,779)	(1.7%)
	<u>(11,110)</u>	<u>(7.3%)</u>

Haden Young Limited

Notes to the accounts (continued) Year ended 31 December 2005

23. Pensions (continued)

The amounts recognised in the profit and loss account and statement of total recognised gains and losses comprise:

	2005 £'000	2004 £'000
Profit and loss account		
Charge to operating profit – current service cost	(3,169)	(3,259)
Other finance income – expected return on pension scheme assets – interest on pension scheme liabilities	6,861 (6,515)	6,541 (6,142)
Total other finance income	346	399
Charge to profit on ordinary activities before taxation	(2,823)	(2,860)
Statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	30,472	3,128
Experience gains and losses arising on scheme liabilities	(21,744)	(4,531)
Changes in assumptions underlying the present value of scheme liabilities	(11,952)	436
	(3,224)	(967)
Taxation	967	290
Actuarial losses on retirement benefit obligations	(2,257)	(677)

23. Ultimate holding company and controlling party

The company is a wholly owned subsidiary undertaking of Haden Building Services Limited, its immediate parent, which is registered in England and Wales. Its ultimate holding company is Balfour Beatty plc, incorporated in Great Britain.

The largest group in which the results of Haden Young Limited are consolidated is that headed by Balfour Beatty plc. The smallest group in which they are consolidated is that headed by Haden Building Services Limited. The consolidated accounts of Balfour Beatty plc are available to the public and may be obtained from 130 Wilton Road, Victoria, SW1V 1LQ.

The company has taken advantage of the exemption under the rules of the Financial Reporting Standard No. 8 "Related Party Transactions" from disclosing further details of related party transactions with other members of the Balfour Beatty plc group.