

Company Registration No. 280220

Balvac Limited

Annual report and financial statements
For the year ended 31 December 2005



Balvac Limited

Directors' report

For the year ended 31 December 2005

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

Principal activities and business review

The Company acts as an agent of Balfour Beatty Group Limited as specialist repair and strengthening contractors. The results of the activities performed by Balvac Limited in its capacity as agent are dealt with in the financial statements of Balfour Beatty Group Limited.

Results

The Company has not traded on its own account during the current or prior year and has made neither a profit nor a loss, nor any other recognised gain or loss, and accordingly no profit and loss account or statement of total recognised gains and losses are presented within the financial statements. The Directors do not recommend a dividend in respect of the year ended 31 December 2005 (2004: £nil). The Directors expect there to be no changes in the activities or prospects of the Company.

Directors

The following were Directors of the Company during the year and up to the date of this report:

D R Moffett	Resigned 31 December 2005
P J Dennis	
K J Barrow	
A J Doull	Appointed 01 January 2006

Directors' interests

The interests of Directors who held office at 31 December 2005 in the share and loan capital of Balfour Beatty plc, the ultimate parent company, were:

	<u>1 January 2005</u>		<u>31 December 2005</u>	
	<u>Holdings</u>	<u>Options</u>	<u>Holdings</u>	<u>Options</u>
P J Dennis	Nil	9423	9423	1163
K J Barrow	Nil	11,545	Nil	5 396

During the year, there were the following movements in the Directors' rights to subscribe for shares in Balfour Beatty plc:

	<u>Options granted</u>	<u>Options exercised</u>	<u>Options lapsed</u>
D R Moffett	Nil	19,506	Nil
P J Dennis	1163	9423	Nil
K J Barrow	423	6572	Nil

All interests at the dates shown are beneficial and are in respect of numbers of ordinary shares of Balfour Beatty plc.

Other than as stated above, no Director had any interest in the share or loan capital of the Company or of any other subsidiary undertaking of Balfour Beatty plc at the relevant dates.

Balvac Limited

Directors' report (continued)

For the year ended 31 December 2005

Financial risk management

Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are credit risk and liquidity risk. These risks are mitigated by the nature of the debtor balances owed, with these due from other group companies who are able to repay these if required.

Statement of Directors' responsibilities

The following statement, which should be read in conjunction with the auditors' report which follows, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

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.

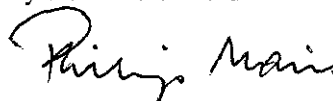
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually.

Registered office:
7 Mayday Road
Thornton Heath
Surrey
CR7 7XA

By order of the Board



P H Morris

Secretary

28 September 2006

Independent auditors' report to the members of Balvac Limited

We have audited the financial statements of Balvac Limited for the year ended 31 December 2005, which comprise the Balance Sheet and the related Notes numbered 1 to 7. 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

The directors' responsibilities for preparing the report and financial statements in accordance with applicable United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities. 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions is not disclosed.

We read the Directors' Report for the above year 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 Company's circumstances, 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 at 31 December 2005 and of the Company's result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

4 October 2006

Balvac Limited

Balance sheet

As at 31 December 2005

	Notes	2005 £	2004 £
Current assets			
Debtors: Amounts falling due within one year	4	29,463	29,463
Net assets		<u>29,463</u>	<u>29,463</u>
Capital and reserves			
Called up share capital	5	15,100	15,100
Profit and loss account		14,363	14,363
Equity shareholders' funds		<u>29,463</u>	<u>29,463</u>

The Company has made neither a profit nor a loss, nor any other recognised gain or loss. Consequently, no profit and loss account or statement of total recognised gains and losses is presented. No reconciliation of movements in shareholders' funds is presented as there were no such movements.

These financial statements were approved by the Board of Directors on 28 September 2006 and signed on its behalf by:



A J Doull
Director

Balvac Limited

Notes to the accounts

For the year ended 31 December 2005

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. This policy has been applied consistently throughout the year, and the preceding year.

In accordance with the provisions of Financial Reporting Standard 1 "Cash Flow Statements", the Company has not prepared a cash flow statement because its ultimate parent undertaking, Balfour Beatty plc, prepares consolidated financial statements which include the Company and are publicly available.

2 Trading results

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 or the preceding year and accordingly has made neither a profit nor a loss. No profit and loss account is therefore presented, and the Company has no recognised gains or losses in either year. The auditors' remuneration was borne by Balfour Beatty Group Limited in both years.

3 Employees and Directors

The Company has entered into employment contracts with employees in relation to its activities as agent of Balfour Beatty Group Limited. Balfour Beatty Group Limited has payroll and pension responsibility for the Company's employees and all employees and employment and pension costs are recorded in Balfour Beatty Group Limited's financial statements for the year and the preceding year.

No Director received any remuneration for their services to the Company during the year (2004 - £ nil).

4 Debtors: Amounts falling due within one year

	2005 £	2004 £
Amounts owed by group undertakings	<u>29,463</u>	<u>29,463</u>

Amounts owed by group undertakings are interest free and repayable on demand.

5 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
30,000 ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
<i>Allotted, called up and fully paid</i>		
15,100 ordinary shares of £1 each	<u>15,100</u>	<u>15,100</u>

Balvac Limited

Notes to the accounts (continued)

For the year ended 31 December 2005

6 Related party transactions

As a subsidiary of Balfour Beatty plc, the Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with other members of the group headed by Balfour Beatty plc.

7 Ultimate parent company and controlling party

The Company is a subsidiary undertaking of Balfour Beatty Group Limited, incorporated in Great Britain and 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 incorporated in Great Britain and 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