

Company Registration No 280220

Balvac Limited

Annual report and financial statements
For the year ended 31 December 2006

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Balvac Limited

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2006. This Director's report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Principal activities and business review

The Company acts as an agent of Balfour Beatty Group Limited in specialist repair and strengthening contractors. The transactions in respect 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 is presented within the financial statements. 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:

P J Dennis

K J Barrow

A J Doull

Appointed 01 January 2006

Directors' interests

The interests of the Directors who held office at 31 December 2006 in the share and loan capital of Balfour Beatty plc, the ultimate parent company, were:

| | <u>1 January 2006</u> | | | <u>31 December 2006</u> | | |
|------------|-----------------------|----------------|-------------------|-------------------------|----------------|-------------------|
| | <u>Holdings</u> | <u>Options</u> | <u>DBP awards</u> | <u>Holdings</u> | <u>Options</u> | <u>DBP awards</u> |
| P J Dennis | 9,423 | 1,163 | Nil | 6,603 | 1,163 | Nil |
| K J Barrow | Nil | 5,396 | Nil | Nil | 3,786 | Nil |
| A J Doull | Nil | Nil | Nil | Nil | Nil | Nil |

During the year, there were the following movements in the Directors' rights to subscribe for shares in Balfour Beatty plc, and in their conditional awards of shares in Balfour Beatty plc under the Deferred Bonus Plan (DBP):

| | <u>Options</u> | <u>Options</u> | <u>Options</u> | <u>DBP awards</u> | <u>DBP awards</u> | <u>DBP awards</u> |
|------------|----------------|------------------|----------------|-------------------|-------------------|-------------------|
| | <u>granted</u> | <u>exercised</u> | <u>lapsed</u> | <u>granted</u> | <u>exercised</u> | <u>lapsed</u> |
| P J Dennis | Nil | Nil | Nil | Nil | Nil | Nil |
| K J Barrow | 844 | 2,454 | Nil | Nil | Nil | Nil |
| A J Doull | Nil | Nil | Nil | Nil | Nil | 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)

Financial instruments

The Company has not used financial instruments to change its exposure to price risk, credit risk and liquidity risk

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

United Kingdom 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). The financial statements are required by law to 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 these 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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 auditors are unaware, and
- the Director has taken all necessary 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 auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Auditors

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

Registered office
86 Station Road
Redhill
RH1 1PQ

By order of the Board



P H Morris
Secretary
23rd August 2007

Independent auditors' report to the members of Balvac Limited

We have audited the financial statements of Balvac Limited for the year ended 31 December 2006, 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 financial statements in accordance with applicable 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 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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

Independent auditors' report

to the members of Balvac Limited (continued)

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 2006 and of the Company's result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

30 August 2007

Balvac Limited

Balance sheet

As at 31 December 2006

| | Notes | 2006 £'000 | 2005 £'000 |
|---|-------|---------------|---------------|
| 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 | | <u>14,363</u> | <u>14,363</u> |
| 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 23rd August 2007 and signed on its behalf by



P J Dennis
Director

Balvac Limited

Notes to the accounts

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Practice. 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.

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 Directors (2005: nil) received any remuneration for their services to the Company during the year. The remuneration for the services to the Company of Directors is recorded and disclosed in the financial statements of Balfour Beatty Group Limited.

4 Debtors: Amounts falling due within one year

| | 2006 | 2005 |
|------------------------------------|--------|--------|
| | £'000 | £'000 |
| Amounts owed by group undertakings | 29,463 | 29,463 |

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

5 Called-up share capital

| | 2006 | 2005 |
|---|--------|--------|
| | £'000 | £'000 |
| <i>Authorised</i> | | |
| 30,000 ordinary shares of £1 each | 30,000 | 30,000 |
| <i>Allotted, called-up and fully-paid</i> | | |
| 15,100 ordinary shares of £1 each | 15,100 | 15,100 |

Balvac Limited

Notes to the accounts (continued)

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, 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