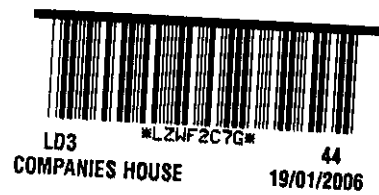


Company Registration No. 1126497

Network Plant Limited

Report and Financial Statements

31 December 2004



Network Plant Limited

Report and financial statements 2004

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Network Plant Limited

Report and financial statements 2004

Officers and professional advisers

Directors

A P Hutchinson
K Fidler
A Cowburn

Secretary

R Cordeschi ACIS	(resigned 22 December 2004)
J Hudson	(appointed 22 December 2004)

Registered Office

7 Mayday Road
Thornton Heath
Surrey
CR7 7XA

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Network Plant Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Company Ownership and Agency Arrangement

A Statutory Declaration under Section 429(4) of the Companies Act 1985 was served upon Mansell plc on 19 December 2003. The entire issued share capital of Mansell plc was transferred to Balfour Beatty plc in February 2004.

On 22 December 2004, the company transferred the beneficial interest in its assets and liabilities to Balfour Beatty Group Limited for a consideration equal to the net book value at that date. On the same day, the company entered into an agency agreement with Balfour Beatty Group Limited, whereby all future trading of the company will be undertaken as an agent of Balfour Beatty Group Limited. The company has assets and employees available to it from its parent company to enable it to carry out its activities.

Review of activities and future prospects

The company's principal activities are plant hire and the maintenance and repair of plant, tools and vehicles.

Results and dividends

The loss for the year after taxation amounted to £502,575 (2003: loss of £1,282,774). Equity dividends paid and proposed are set out in the following table:

	2004 pence per share	2004 £	2003 pence per share	2003 £
Paid	-	-	9.07	20,400
Proposed	-	-	2.49	5,600
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	11.56	26,000
	<hr/>	<hr/>	<hr/>	<hr/>

Future prospects

The directors expect the company to be dormant for the foreseeable future.

Directors and their interests

The directors who were in office during the year and up to the date of this report, were as follows:

P A Cleaver BSc CEng MICE	(resigned 23 April 2004)
D S Hurcomb BSc ACA	(resigned 30 November 2004)
M J Peasland FCIOB	(appointed 5 April 2004 and resigned 9 November 2004)
B S Pow MA ACMA	(resigned 14 June 2005)
P J Scannell BSc FCA	(resigned 9 November 2004)
S J Waite FRICS MCIOB	(resigned 9 November 2004)
A P Hutchinson	(appointed 22 December 2004)
K Fidler	(appointed 22 December 2004)
A S Cowburn	(appointed 22 December 2004)

Network Plant Limited

Directors' report

The directors who held office at 31 December 2004, had no interests (including options) other than those shown below in the share capital of Balfour Beatty plc:

	1 January 2004 Number*	31 December 2004 Number
A P Hutchinson	682	682
A S Cowburn	7,205	7,205

* or at date of appointment, if later

The directors who held office at 31 December 2004 had no interests in the company or other group companies, other than as stated above.

Share options held by the directors in Balfour Beatty plc at 1 January 2004 (or the date of appointment to the Board if later) and 31 December 2004 were as follows:

	Executive scheme		SAYE scheme	
	Date of appointment to the Board	31 December 2004	Date of appointment to the Board	31 December 2004
A S Cowburn	17,000	17,000	1,661	1,661
K Fidler	44,500	44,500	6,521	6,521
A P Hutchinson	59,500	59,500	1,221	1,221

As at 31 December 2004 the undermentioned directors had outstanding the following options to acquire ordinary shares in Balfour Beatty plc under the terms of the Balfour Beatty plc executive share option scheme and the Balfour Beatty plc SAYE scheme.

	1 January 2004* Number	Exercised Number	Granted Number	31 December 2004 Number
A S Cowburn				
- Executive scheme	17,000	-	-	17,000
- SAYE	1,661	-	-	1,661
K Fidler				
- Executive scheme	44,500	-	-	44,500
- SAYE	6,521	-	-	6,521
A P Hutchinson				
- Executive scheme	59,500	-	-	59,500
- SAYE	1,221	-	-	1,221

* or at date of appointment, if later

The options were granted under Balfour Beatty plc employees' share option schemes.

All interests at 1 January 2004, or the date of appointment and at 31 December 2004 are beneficial and are in respect of a number of ordinary shares in Balfour Beatty plc.

Network Plant Limited

Directors' report

The "Elective Regime"

At the Annual General Meeting held on 24 November 1999, the company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended), to take advantage of the full range of procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting is to be held and the accounts will not be laid before the members.

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



A S Cowburn
Director

5th January 2006

Network Plant Limited

Statement of directors' responsibilities

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;
- 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.

Independent auditors' report to the members of Network Plant Limited

We have audited the financial statements of Network Plant Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the company's affairs as at 31 December 2004 and of its loss 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

5th January 2006

Network Plant Limited

Profit and loss account

Year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	1	6,662,213	6,943,379
Cost of sales		(3,998,540)	(4,812,879)
Gross profit		2,663,673	2,130,500
Administrative expenses		(2,546,194)	(2,098,845)
Exceptional item	2	-	(1,800,000)
Total administrative costs		(2,546,194)	(3,898,845)
Operating profit/(loss)	2	117,479	(1,768,345)
Amounts written off investments	8	(752,497)	-
Net interest payable	4	(47,557)	(84,284)
Loss on ordinary activities before taxation		(682,575)	(1,852,629)
Tax on loss on ordinary activities	5	180,000	569,855
Loss on ordinary activities after taxation		(502,575)	(1,282,774)
Equity dividends paid and payable	6	-	(26,000)
Loss for the financial year	14	(502,575)	(1,308,774)

On 22 December 2004, the company transferred the beneficial interest in its assets and liabilities to Balfour Beatty Group Limited for a consideration equal to the net book value at that date. On the same day, the company entered into an agency agreement with Balfour Beatty Group Limited, whereby all future trading of the company will be undertaken as an agent of Balfour Beatty Group Limited. The company has assets and employees available to it from its parent company to enable it to carry out its activities. Therefore the results are in respect of discontinued operations.

The company had no recognised gains or losses other than the loss for the year shown above and therefore no separate statement of total recognised gains and losses has been presented.

Network Plant Limited

Balance sheet 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	7	-	3,194,968
Investments	8	-	752,497
		<hr/>	<hr/>
		-	3,947,465
Current assets			
Stocks	9	-	130,268
Debtors due within one year	10	-	1,265,053
Cash at bank		-	1,088,506
		<hr/>	<hr/>
		-	2,483,827
Creditors: amounts falling due within one year	11	(55,798)	(6,526,617)
		<hr/>	<hr/>
Net current liabilities		(55,798)	(4,042,790)
		<hr/>	<hr/>
Total assets less current liabilities		(55,798)	(95,325)
Provisions for liabilities and charges	12	-	(62,148)
		<hr/>	<hr/>
Net liabilities		(55,798)	(157,473)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	829,250	225,000
Profit and loss account	14	(885,048)	(382,473)
		<hr/>	<hr/>
Total equity shareholders' deficit	15	(55,798)	(157,473)
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 5th January 2006.

Signed on behalf of the Board of Directors



A S Cowburn

Director

Network Plant Limited

Notes to the financial statements Year ended 31 December 2004

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that its results are consolidated within the financial statements of Balfour Beatty plc and therefore claims the exemption from the preparation of consolidated accounts permitted under section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

Under the provisions of Financial Reporting Standard No.1 (Revised 1996) "Cash Flow Statements", the company has not prepared a cash flow statement, as the results of the company are included within the financial statements of Balfour Beatty plc, which are available to the public.

Turnover

Turnover for the year, which all arose in the United Kingdom, is the value of work done during the year in respect of plant hire together with the invoiced value of sales in respect of maintenance and repair of plant, tools and vehicles, excluding Value Added Tax.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Plant, vehicles and equipment are depreciated by equal instalments over their expected useful lives of between four and twelve years.

Stocks

Stocks are stated at the lower of net realisable value or cost. Provision is made for obsolete, slow-moving or defective items as appropriate.

Taxation

Current tax, including United Kingdom corporation tax, is provided at the amounts expected to be paid or recovered using the tax rates and laws that have been enacted at 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 an 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.

Deferred tax is measured on a non-discounted basis. No provision is made for tax on capital gains which would arise if group properties were disposed of at the valuations at which they are included in the financial statements.

Pensions

For defined benefit schemes, the expected costs of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the schemes operated within the group in such a way that the pension cost is a substantially level percentage of current and expected future pensionable salary.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Network Plant Limited

Notes to the financial statements Year ended 31 December 2004

1. Accounting policies (continued)

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Fixed asset investments

Fixed asset investments are recorded at cost, less provision for any impairment.

2. Operating profit/(loss)

Exceptional item

In 2003, the exceptional administrative expenses relate to the £1,800,000 charge for impairment of fixed assets resulting from the directors' review of the carrying value of fixed assets. The taxation impact of the exceptional item was to reduce the tax charge for the year ended 31 December 2003 by £540,000. The tax charge disclosed in respect of the year ended 31 December 2003 in note 5 is shown net of this reduction.

Operating profit/(loss) is stated after charging/(crediting):

	2004 £	2003 £
Depreciation of tangible fixed assets - owned assets	1,099,710	1,107,046
Profit on disposal of tangible fixed assets	(86,329)	(171,874)
Charges under operating leases – property	281,000	238,000
– motor vehicles	48,000	65,578
Auditors' remuneration:		
- Audit	3,238	5,000

No amounts were paid to Deloitte & Touche LLP in respect of non-audit services (2003: £nil).

3. Directors and employees

	2004 £	2003 £
Staff costs during the year were as follows:		
Staff costs	1,046,976	1,907,220
Social security costs	97,457	159,790
Other pension costs		
- defined benefit	35,889	105,397
- defined contribution	15,362	7,007
	<u>1,195,684</u>	<u>2,179,414</u>

Network Plant Limited

Notes to the financial statements Year ended 31 December 2004

3. Directors and employees (continued)

	2004 Number	2003 Number
The monthly average number of staff, including directors, employed during the year was:		
Operational	63	71
Administrative	10	10
	<u>73</u>	<u>81</u>

Staff costs include the following emoluments in respect of the qualifying services of the directors of the company:

	2004 £	2003 £
For management services	83,336	147,589
Contributions to the defined benefit pension schemes	9,038	17,954
	<u>92,374</u>	<u>165,543</u>

Retirement benefits are accruing to three (2002: five) directors under defined benefit schemes.

The directors participate in a share option scheme operated by the ultimate parent company. The above amounts do not include any gains made on the exercise of share options or the value of any shares.

4. Net interest payable

	2004 £	2003 £
Interest payable on group loans	87,579	121,383
Bank interest receivable	(40,022)	(37,099)
	<u>47,557</u>	<u>84,284</u>

Network Plant Limited

Notes to the financial statements Year ended 31 December 2004

5. Tax on loss on ordinary activities

	2004 £	2003 £
UK Corporation Tax:		
Current tax on income for the year	(130,000)	(24,723)
Adjustments in respect of previous periods	12,000	237
<i>Total current tax</i>	<u>(118,000)</u>	<u>(24,486)</u>
Deferred tax (see note 12)	(62,000)	(545,369)
<i>Tax on loss on ordinary activities</i>	<u>(180,000)</u>	<u>(569,855)</u>

The current tax charge for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Loss on ordinary activities before tax	<u>(682,575)</u>	<u>(1,852,629)</u>
Tax on loss on ordinary activities at standard UK rate corporation tax of 30% (2003: 30%)	(204,773)	(555,789)
<i>Effects of:</i>		
Timing differences		
- capital allowances in excess of depreciation	64,377	528,952
- other short term timing differences	7,329	(3,592)
Expenses not deductible for tax purposes	3,040	5,706
Adjustments to tax charge in respect of previous periods	12,027	237
<i>Current tax charge for year (see above)</i>	<u>(118,000)</u>	<u>(24,486)</u>

The company earns its profits primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

6. Equity dividends paid and payable

	Pence per share	2004 Total £	Pence per share	2003 Total £
Paid	-	-	9.07	20,400
Payable	-	-	2.49	5,600
	-	-	11.56	26,000

Network Plant Limited

Notes to the financial statements Year ended 31 December 2004

7. Tangible fixed assets

	Total £
Cost	
At 1 January 2004	9,975,577
Additions	821,024
Disposals	(891,409)
Inter Group Transfer	(9,905,192)
	<hr/>
At 31 December 2004	-
	<hr/>
Accumulated depreciation	
At 1 January 2004	6,780,609
Charge for the year	1,099,710
Disposals	(547,280)
Inter Group Transfer	(7,333,039)
	<hr/>
At 31 December 2004	-
	<hr/>
Net book value	
At 31 December 2004	-
	<hr/> <hr/>
At 31 December 2003	3,194,968
	<hr/> <hr/>

Tangible fixed assets comprise plant and equipment.

8. Fixed asset investments

	2003 £
Cost	
At 1 January and 31 December 2004	752,497
	<hr/>
Provision	
At 1 January 2004	-
Write off in the year	752,497
	<hr/>
At 31 December 2004	752,497
	<hr/> <hr/>
Net book value	
At 31 December 2004	-
	<hr/> <hr/>
At 31 December 2003	752,497
	<hr/> <hr/>

Fixed asset investments represents the net book value of 100% of the ordinary share capital of Network Plant (Midlands) Limited, a dormant company, which is incorporated in Great Britain. The impairment represents the write down of the investment to the net recoverable amount of Network Plant (Midlands) Limited.

Network Plant Limited

Notes to the financial statements Year ended 31 December 2004

9. Stocks

	2004 £	2003 £
Raw materials and consumables	-	130,268

10. Debtors: amounts falling due within one year

	2004 £	2003 £
Trade debtors	-	752,997
Amounts owed by group undertakings	-	304,932
Corporation tax	-	65,142
Other debtors	-	84,571
Prepayments and accrued income	-	57,411
	-	1,265,053

11. Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	-	570,948
Amounts owed to group undertakings	55,798	5,569,249
Other creditors	-	38,438
Accruals and deferred income	-	342,382
Equity dividends payable	-	5,600
	55,798	6,526,617

12. Provisions for liabilities and charges

	2004 £	2003 £
<i>Deferred taxation liability:</i>		
At 1 January	62,148	607,517
Credited to profit and loss account	(58,424)	(545,369)
Adjustment in respect of prior periods	(3,576)	-
Transferred to Balfour Beatty Group Limited	(2,416)	-
At 31 December	-	62,148

The amount provided, which represents the deferred tax liability, is analysed as follows:

Network Plant Limited

Notes to the financial statements Year ended 31 December 2004

	2004 £	2003 £
Accelerated capital allowances	-	84,000
Other short term timing differences	-	(21,852)
	<u>-</u>	<u>62,148</u>

There was no deferred tax unprovided at 31 December 2004 (2003: £nil).

13. Called up share capital

	2004 £	2003 £
Authorised:		
1,000,000 (2003: 500,000) ordinary shares of £1 each	<u>1,000,000</u>	<u>500,000</u>
Called up, allotted and fully paid		
829,250 (2003: 225,000) ordinary shares of £1 each	<u>829,250</u>	<u>225,000</u>

During the year the company allotted 604,250 ordinary shares with a nominal value of £1 each.

14. Profit and loss account

	2004 £	2003 £
At 1 January	(382,473)	926,301
Retained loss for the financial year	<u>(502,575)</u>	<u>(1,308,774)</u>
At 31 December	<u>(885,048)</u>	<u>(382,473)</u>

15. Reconciliation of movements in shareholders' deficit

	2004 £'000	2003 £'000
Loss for the financial year	(502,575)	(1,282,774)
Equity dividends paid and proposed	-	(26,000)
Increase in allotted and fully paid share capital	<u>604,250</u>	<u>-</u>
Net increase/(decrease)	101,675	(1,308,774)
Opening equity shareholders' (deficit)/funds	<u>(157,473)</u>	<u>1,151,301</u>
Closing equity shareholders' deficit	<u>(55,798)</u>	<u>(157,473)</u>

16. Commitments under operating leases

At 31 December 2004, the company was committed to making the following payments during the next year in respect of non-cancellable operating leases:

Network Plant Limited

Notes to the financial statements Year ended 31 December 2004

	2004		2003	
	Land and buildings	Plant and machinery	Land and buildings	Plant and machinery
Operating lease expiring:				
Within one year	-	-	-	3,456
Between two to five years	-	-	281,276	64,129
	<u>-</u>	<u>-</u>	<u>281,276</u>	<u>67,585</u>

17. Contingent liabilities

At 31 December 2004, the company has no contingent liability in respect of guarantees given to support performance bonds and borrowings of its previous parent company, Mansell plc (2003: £29.4 million).

18. Related party transactions

Transactions with other group companies have not been disclosed in these financial statements in accordance with the exemption conferred by Financial Reporting Standard No. 8 "Related party transactions" for wholly owned subsidiaries of companies whose consolidated financial statements are publicly available.

19. Parent undertakings and controlling parties

The company is a wholly owned subsidiary of Balfour Beatty Group Limited which is incorporated in Great Britain and registered in England and Wales and the company's ultimate parent and controlling company is Balfour Beatty plc, which is registered in England and Wales, and incorporated in Great Britain.

The smallest and largest group in which the results of the company and its subsidiary, Network Plant (Midlands) Limited are consolidated is that headed by Balfour Beatty plc. The financial statements of Balfour Beatty plc are available to the public and may be obtained from 130 Wilton Road, London SW1V 1LQ.

20. Pension arrangements

The company participates in the Mansell plc group defined benefit pension scheme, known as the Mansell plc Pension Scheme. The Company continues to prepare accounts in accordance with SSAP 24, Accounting for Pensions. Disclosures required under the transitional arrangements of Financial Reporting Standard No. 17, Retirement Benefits, are shown in the accounts of Mansell plc. These disclosures show the scheme to have a net deficit of £39.8m attributable to the Mansell plc group after deducting deferred tax. During the year the assets and liabilities of the pension schemes could not be identified between the different companies within the schemes, accordingly under FRS 17, the Company would have accounted for contributions to the schemes as if they were defined contribution schemes. The company's pension charge in respect of this scheme for the year was £35,889 (2003: £105,397).

Details of the above pension scheme are included in the financial statements of Mansell plc which are available from the Company Secretary, Mansell plc, Grant Road, Croydon CR9 6BU.

Network Plant Limited

Notes to the financial statements

Year ended 31 December 2004

20. Pension arrangements (continued)

The company participates in the Standard Life Stakeholder Plan, a defined contribution scheme and had outstanding contributions of £ nil payable at the year end (2003: £632). The company's pension charge in respect of this scheme for the year was £15,362 (2003: £7,007).

As explained in the Directors' report, on 22 December 2004, the company transferred the beneficial interest in its assets and liabilities to Balfour Beatty Group Limited for a consideration equal to the net book value at that date. On the same day, the company entered into an agency agreement with Balfour Beatty Group Limited, whereby all future trading of the company will be undertaken as an agent of Balfour Beatty Group Limited. As part of these transactions, Balfour Beatty Group Limited assumed the liabilities and obligations of the company in respect of the above pension arrangements.