

Company No. 2306280

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001



BALFOUR BEATTY CIVIL ENGINEERING LIMITED

DIRECTORS

J C HESTER

P J LEACH

A E ROSE

S J TARR

SECRETARY

P H MORRIS

AUDITORS

ARTHUR ANDERSEN

180 The Strand
London
WC2R 1BL

REGISTERED OFFICE

7 Mayday Road
Thornton Heath
Surrey CR7 7XA

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 December 2001 which will be laid before the shareholders at the Annual General Meeting to be held during 2002.

Activities

The company acts as the agent of Balfour Beatty Group Limited as multi-disciplinary engineers and turnkey contractors, providing a turnkey contracting, project management and multi-discipline designing and engineering service. Balfour Beatty Civil Engineering Limited operates in the power and infrastructure markets within UK and overseas.

The results of Balfour Beatty Civil Engineering Limited are dealt with in the accounts of Balfour Beatty Group Limited.

Results and Dividend

The audited accounts of the Company appear on Pages 7 and 8. The Company acts as an agent of Balfour Beatty Group Limited, in whose accounts or transactions are recorded. The Company has not traded on its own account and accordingly, no profit or loss account has been prepared. The directors do not recommend the payment of a dividend (2000 : nil).

Directors

The following were directors of the company during the year:

W Evans (resigned 30th April 2001)
J C Hester
S Jagger (resigned 30th April 2001)
P J Leach
A E Rose (resigned 7th May 2002)
P J Steckelmacher (resigned 30th April 2001)
S J Tarr

Directors' Interests

The directors who held office at 31 December 2001 had no interests (including options) other than those shown below, in the share capital of Balfour Beatty plc.

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

DIRECTORS' REPORT (CONT.)

Directors' Interests (Cont.)

	<u>Number of Shares</u>	
	At 1 January 2001 (or date of appointment)	At 31 December 2001
A E Rose	21,032	10,000
P J Steckelmacher	1,859	1,859

According to the register of directors' interests maintained under the Companies Act, no rights to subscribe for shares in Balfour Beatty plc were granted to any other directors or their immediate families, or exercised by them during the financial year except as indicated below:

	<u>Number of Options</u>		
	At 1 January 2001 (or date of appointment)	Granted/(Exercised or Lapsed) during year	At 31 December 2001
J C Hester	65,000	20,000	85,000
P J Leach	85,002	21,577	106,597
A E Rose	154,845	1,314/(1,609)	154,550
P J Steckelmacher	45,432	11,227/(402)	56,257
S J Tarr	64,482	16,358/(1,341)	79,499

All interests at the date shown (or date of appointment if later) are beneficial and are in respect of numbers of ordinary shares in Balfour Beatty plc.

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

No director had any interest (including options) in fellow subsidiary undertakings at the relevant dates.

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

DIRECTORS' REPORT (CONT.)

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company. In preparing the financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standard 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 to enable them to ensure 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.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

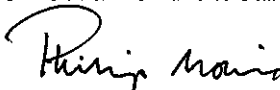
Auditors

Arthur Andersen have indicated their willingness to continue in office as auditors of the company.

Registered Office:

7 Mayday Road
Thornton Heath
Surrey CR7 7XA

On behalf of the Board


P H Morris
Secretary

29th July 2002

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BALFOUR BEATTY CIVIL ENGINEERING LIMITED

We have audited the financial statements of Balfour Beatty Civil Engineering Limited for the year ended 31 December 2001 which comprises of the Balance sheet and the related notes numbered 1 to 6. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom 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 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 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 became aware of any apparent misstatements within it.

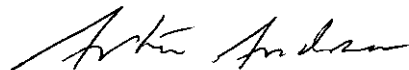
Basis of opinion

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 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 the information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

180 The Strand

London

WC2R 1BL


27 July 2002

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	<u>2001</u>	<u>2000</u>
	£	£
<u>CURRENT ASSETS</u>		
Amounts falling due within one year:		
Amounts owed by other Group undertakings	<u>100</u>	<u>100</u>
Net Assets	<u>100</u>	<u>100</u>
 <u>CAPITAL AND RESERVES</u>		
 SHARE CAPITAL		
 <u>Authorised, Issued and Fully Paid</u>		
100 Ordinary shares of £1 each		
Profit and loss account	<u>100</u>	<u>100</u>

On behalf of the Board:



S J TARR Director

29 July 2002

The accompanying notes form an integral part of this balance sheet.

There have been no recognised gains or losses in the period (note 2).

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. Results

All transactions are entered into as agent of Balfour Beatty Group Limited in whose accounts such transactions are recorded. The company has not traded on its own account and accordingly has made neither a profit nor a loss. No profit and loss account is therefore prepared. The auditors' remuneration is borne by Balfour Beatty Group Limited.

3. Directors' Emoluments

No directors are entitled to remuneration or other emoluments for services to the company.

4. Employees

The company has no employees.

5. Other Matters

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

6. Ultimate Parent Company

The company is a subsidiary undertaking of Balfour Beatty Group Limited registered in England and Wales. The ultimate parent company is Balfour Beatty plc, also registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Balfour Beatty plc. The consolidated accounts of this group are available to the public and may be obtained from 130 Wilton Road, London SW1V 1LQ.