

Company No. 2306280

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1995



BALFOUR BEATTY CIVIL ENGINEERING LIMITED

Directors

M Andrews, BSC, MBA

W E Clifford, FInstCES

D M Cort, BSC, FCMA

W J Dale, BSC

W A Evans, BSc, CEng, MICE

D G Fison, BA, CEng, MICE

D W E Gardner

S Jagger, MIHT, MIAT

W P Matthews, BSC

A W Merricks

P M Robinson, CEng, MICE

A E Rose, BSc, MIHT

P J Steckelmacher, BSc, MTech

M W Welton, BSc, CEng, MICE

Secretary

P E C Ferguson, LLB

Auditors

ARTHUR ANDERSEN

1 Surrey Street,
London, WC2R 2PS

Registered Office

7 Mayday Road,
Thornton Heath, Surrey, CR7 7XA

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the financial statements for the year ended 31 December 1995, which will be laid before the shareholders at the Annual General Meeting to be held during 1996.

Activities

The Company acts as the agent of Balfour Beatty Limited in the business of civil engineering and the results of that business are dealt with in the accounts of that company.

Dividend

The directors do not recommend the payment of a dividend (1994-£Nil).

Directors

The following were directors of the company during the year:-

Mr M Andrews	(Appointed 2 January 1996)
Mr H M Bedelian	(Resigned 19 January 1996)
Mr W E Clifford	
D M Cort	(Appointed 1 November 1995)
W J Dale	(Appointed 1 November 1995)
Mr W A Evans	
Mr D G Fison	
D W E Gardner	(Appointed 1 November 1995)
S Jagger	(Appointed 1 November 1995)
W P Matthews	(Appointed 1 November 1995)
Mr A W Merricks	
Mr P M Robinson	
Mr A E Rose	
Mr P J Steckelmacher	
Mr M W Welton	

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

DIRECTORS' REPORT (Cont'd...)

Directors' Interests

The directors who held office at 31 December 1995 had no interests (including options) other than those shown below, in the shares, debentures and loan stock of BICC plc:

	<u>1 January 1995</u>		<u>31 December 1995</u>	
	<u>Number</u> <u>of</u> <u>Shares</u>	<u>Convertible</u> <u>Capital</u> <u>10.75% Bonds</u>	<u>Number</u> <u>of</u> <u>Shares</u>	<u>Preference</u> <u>Shares</u>
Mr W E Clifford	700	16	736	16
Mr A W Merricks	928	—	969	—
Mr P J Steckelmacher	1859	—	1859	—

The Convertible Capital Bonds were issued during 1990 by way of rights issue at a price of 100p per Bond and are convertible at the option of the holder into new BICC plc shares at an exercise price of 488p per BICC plc share. On 31 December 1994, the convertible capital bonds were exchanged on a one-for-one basis for cumulative convertible redeemable preference shares in BICC plc, with the same conversion terms.

According to the register of directors' interests maintained under the Companies Act 1985, no rights to subscribe for shares in or debentures of BICC plc were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as shown below:

NUMBER OF OPTIONS

	<u>AT 1/1/95</u>	<u>GRANTED/(EXERCISED)</u> <u>DURING THE YEAR</u>		<u>AT 31/12/95</u>
Mr H M Bedelian	65825	15787	—	81612
Mr W E Clifford	21626	9000	—	30626
Mr D M Cort	—	655	—	655
Mr W J Dale	—	9000	—	9000
Mr D G Fison	42056	19261	—	61317
Mr D W E Gardner	9000	—	—	9000
Mr S Jagger	10375	11754	—	22129
Mr W P Matthews	14231	9787	—	24018
Mr A W Merricks	21179	9183	—	30362
Mr A E Rose	36164	567	—	36731
Mr M W Welton	64872	16967	—	81839
Mr W A Evans	12561	838	—	13399
Mr P J Steckelmacher	14254	9393	—	23647

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

DIRECTORS' REPORT (Cont'd...)

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

The options were granted under the BICC Employees' share option schemes at exercise prices ranging from 249.1p to 448p and are exercisable between 1996 and 2005.

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

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

DIRECTORS' REPORT (Cont'd...)

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Registered Office:
7 Mayday Road,
Thornton Heath,
Surrey, CR7 7XA

Date *9th October 1996*

On behalf of the Board



P.E.C. Ferguson
Secretary

AUDITORS' REPORT
TO THE SHAREHOLDERS OF
BALFOUR BEATTY CIVIL ENGINEERING LIMITED

We have audited the financial statements on pages 8 and 9 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

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 and of its result for that period. 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 standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 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 financial statements and to report our opinion to you.

Basis of opinion

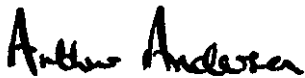
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 the information in the financial statements.

AUDITORS' REPORT (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 31 December 1995 and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London
WC2R 2PS

Date 9 October 1996

BALFOUR BEATTY CIVIL ENGINEERING LIMITED

BALANCE SHEET AT 31 DECEMBER

	<u>1995</u> £	<u>1994</u> £
<u>CURRENT ASSETS</u>		
DEBTORS		
Amounts falling due within one year		
Amounts owed by other group undertakings	100	100
	===	===
<u>TOTAL ASSETS LESS LIABILITIES</u>	100	100
	===	===

SHARE CAPITAL

Authorised

Ordinary shares of £1 each	100	100
	===	===

Issued and Fully Paid

Ordinary shares of £1 each	100	100
	===	===

On behalf of the Board



P J Steckelmacher Director

Date 9 October 1996

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 historic cost convention and in accordance with applicable accounting standards.

2. Results

All transactions are entered into as agent of Balfour Beatty 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 (1994 – Nil). No profit and loss account is therefore prepared. The auditors' remuneration is borne by Balfour Beatty Limited.

3. Directors' Emoluments

No directors are entitled to remuneration or other emoluments for services to the company (1994 – £Nil).

4. Employees

The Company has no employees.

5. Ultimate Parent Company

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

The only group in which the results of the company are consolidated is that headed by BICC plc. The consolidated accounts of this group are available to the public and may be obtained from Devonshire House, Mayfair Place, London, W1X 5FH.