

COMPANY NUMBER: SC20074

HALL & TAWSE LIMITED**DIRECTORS' REPORT AND FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2004**

HALL & TAWSE LIMITED

Directors

W A Buist (appointed 2 February 2004)
P A Cleaver (resigned 23 April 2004)
E A Forbes
I Harrison (appointed 5 January 2005)
G J Hood
D S Hurcomb (resigned 30 November 2004)
M Levack (resigned 19 August 2005)
M J Peasland (appointed 5 April 2004)
B P Perrin (appointed 15 November 2004)
P J Scannell (resigned 31 December 2004)
C R Sutherland

Secretary and Registered Office

B P Perrin BSc ACA AMCT
Roman House, Granitehill Road, Northfield, Aberdeen AB16 7AW

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Report of the directors

The directors present their report on the affairs of the Company, together with the accounts and auditors' report for the year ended 31 December 2004.

Principal activity and review of the business

The Company operates within the United Kingdom. Its principal activities are building contracting, partnership housing and manufactured joinery.

On 31 December 2004, the Company transferred the beneficial interest in its assets and liabilities (excluding investments) to Mansell Construction Services 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 Mansell Construction Services Limited whereby all future trading of the Company will be undertaken as an agent of Mansell Construction Services Limited.

Results and dividends

The Company's profit after taxation for the financial year amounted to £2,884,000 (2003: loss £233,000). The retained profit for the year, after deduction of dividends of £1,356,000 (2003: £4,418,000), amounted to £1,528,000 (2003: retained loss of £4,651,000).

Directors

The directors who held office throughout the year, unless otherwise noted, are shown above.

Directors' interests

At 31 December 2004, M J Peasland, B P Perrin and P J Scannell were directors of the intermediate parent undertaking, Mansell plc, and their interests in the group are set out in the directors' report attached to the financial statements of that Company for the year ended 31 December 2004.

HALL & TAWSE LIMITED

Report of the directors (continued)

Directors' interests (cont'd)

Mr C R Sutherland, Mr E A Forbes, Mr G J Hood and Mr M Levack held interests in the shares of Mansell plc as follows:

Mansell plc shares

Director	31 December 2004	31 December 2003
	Ordinary shares of 25p each	Ordinary shares of 25p each
C R Sutherland	-	19,000
E A Forbes	-	1,000
M Levack	-	6,000

Share options over Mansell plc ordinary shares of 25 pence each

Director	Scheme	1.1.04	Granted during year	Lapsed during period	31.12.04
C R Sutherland	Executive	15,000	-	15,000	-
	Company	10,000	-	10,000	-
E A Forbes	Executive	5,000	-	5,000	-
	Company	20,000	-	20,000	-
G J Hood	Executive	5,000	-	5,000	-
	Company	20,000	-	20,000	-
M Levack	Executive	5,000	-	5,000	-
	Company	20,000	-	20,000	-

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 acquired by Balfour Beatty plc in stages from 29 December 2003 to 6 February 2004.

Any options under the Mansell Executive Share Option Scheme or Mansell Company Share Option Scheme, outstanding at that time subsequently lapsed on 30 January 2004.

No director had any beneficial interest in the shares of the Company or any other Mansell group company at any time during the year.

The interests of M J Peasland, B P Perrin and P J Scannell in the share capital of the ultimate parent company, Balfour Beatty plc, at 31 December 2004, are set out in the directors report attached to the financial statements of Mansell plc for the year ended 31 December 2004.

HALL & TAWSE LIMITED

Report of the directors (continued)

Directors' interests (continued)

The interests of the remaining directors who held office at the end of the year in the share capital of Balfour Beatty plc were as follows:

Share Options over Balfour Beatty plc Ordinary Shares of 50p each

Director	Scheme	Number of options			
		At 1.1.04	Granted during the year	Exercised during the year	At 31.12.04
W A Buist	Executive	-	5,000	-	5,000
E A Forbes	Executive	-	5,000	-	5,000
G J Hood	Executive	-	5,000	-	5,000
	Savings related	-	430	-	430
M Levack	Executive	-	5,000	-	5,000
C R Sutherland	Executive	-	8,000	-	8,000
	Savings related	-	879	-	879

Payment of creditors

The Company's policy is to settle the terms of payment with suppliers when agreeing the terms for each transaction or series of transactions; to seek to ensure that suppliers are aware of the terms of payment; and to abide by these terms of payment as and when satisfied that the supplier has provided the goods or services in accordance with the agreed terms. The Company's average creditor payment period at 31 December 2004 was 25 days (2003: 26 days). Trade creditors were all transferred to Mansell Construction Services Limited at 31 December 2004.

Employees

It is Company policy to provide equal employment opportunities without regard to race, religion, sex, national origin, disability or age.

We have continued our policy of consulting staff and keeping them informed of significant events and trends through meetings, the circulation of newsletters including Mansell News and the introduction of Centurion, the new Mansell communication programme reaching all staff.

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 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 to 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.

HALL & TAWSE LIMITED

Report of the directors (continued)

The "Elective Regime"

At the Annual General Meeting held on 15 November 1990, 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 indicated their willingness to continue in office.

By the order of the Board

A handwritten signature in black ink, consisting of the letters 'BP' followed by a long horizontal stroke.

B P Perrin
Company Secretary

20 October 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALL & TAWSE LIMITED

We have audited the financial statements of Hall & Tawse 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 or material inconsistencies with the financial statements.

Basis of audit opinion

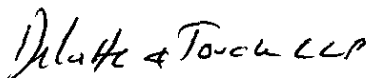
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 affairs of the Company as at 31 December 2004 and of the profit of the Company for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

20 October 2005

HALL & TAWSE LIMITED

Profit and loss account for the year ended 31 December 2004

	Note	2004 £000	2003 £000
Turnover	1b	94,733	73,970
Cost of sales		(87,143)	(68,984)
Gross profit		7,590	4,986
Administrative expenses		(3,896)	(4,005)
Exceptional items	2a	-	(1,675)
Total administrative expenses		(3,896)	(5,680)
Other operating income	2c	46	56
Operating profit/(loss)	2b	3,740	(638)
Net interest receivable	4	402	346
Profit/(loss) on ordinary activities before taxation		4,142	(292)
Tax on profit/(loss) on ordinary activities	5	(1,258)	59
Profit/(loss) on ordinary activities after taxation		2,884	(233)
Equity dividends paid and payable	6	(1,356)	(4,418)
Profit/(loss) for the financial year	15	1,528	(4,651)

The results were derived wholly from discontinued activities, as the trading activity of the Company was transferred to Mansell Construction Services Limited on 31 December 2004.

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

HALL & TAWSE LIMITED

Balance sheet as at 31 December 2004

	Note	2004 £000	2003 £000
Fixed assets			
Tangible fixed assets	7	-	573
Investments	8	345	345
		<hr/>	<hr/>
		345	918
Current assets			
Stocks & work in progress	9	-	2,957
Debtors due within one year	10	6,009	17,221
Debtors due after more than one year	10	-	921
Cash at bank		-	4,458
		<hr/>	<hr/>
		6,009	25,557
Creditors: amounts falling due within one year	11	(345)	(20,030)
		<hr/>	<hr/>
Net current assets		5,664	5,527
		<hr/>	<hr/>
Total assets less current liabilities		6,009	6,445
Creditors: amounts falling due after more than one year	12	-	(289)
Provisions for liabilities and charges	13	-	(1,675)
		<hr/>	<hr/>
		6,009	4,481
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	2,907	2,907
Share premium account	15	13	13
Profit and loss account	15	3,089	1,561
		<hr/>	<hr/>
Equity shareholders' funds	16	6,009	4,481
		<hr/>	<hr/>

On 31 December 2004, the Company transferred the beneficial interest in its assets, undertakings and liabilities (excluding investments) to Mansell Construction Services 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 Mansell Construction Services Limited whereby all future trading of the Company will be undertaken as an agent of Mansell Construction Services Limited.

The financial statements on pages 6 to 17 were approved by the Board of Directors on 20 October 2005.



B P Perrin
Director

HALL & TAWSE LIMITED

Notes to the financial statements

1. Principal accounting policies

The principal accounting policies are given below. They have been applied consistently throughout the year and the preceding year.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with all applicable United Kingdom law and accounting standards.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is an indirect wholly owned subsidiary of Balfour Beatty plc which prepares consolidated accounts which are publicly available. The Company is also, on this basis, exempt from the requirement of FRS 1 (Revised) to present a cash flow statement.

(b) Turnover

Turnover is the value of work carried out solely in the United Kingdom during the year in respect of contracting, calculated as that proportion of the total contract value which has been completed to date and including estimates in respect of amounts still to be invoiced, together with the invoiced value of sales in respect of other activities, excluding intra-group sales and Value Added Tax.

(c) Tangible fixed assets

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

(d) Profit recognition on contracting activities

Profit on individual contracts is taken only when their outcome can be foreseen with reasonable certainty, based on the lower of the percentage margin earned to date and that prudently forecast at completion, taking account of agreed claims. Full provision is made for all known or expected losses on individual contracts, taking a prudent view of future claims income, immediately such losses are foreseen. Profit for the year includes the benefit of claims settled on contracts completed in prior years.

Pre-contract costs are expensed as incurred until it is virtually certain that a contract will be awarded, from which time further pre-contract costs are recognised as an asset and charged as an expense over the period of the contract. Amounts recovered in respect of costs that have been written off are deferred and amortised over the life of the contract.

(e) Stocks

Stocks and work in progress are stated at the lower of net realisable value or cost including attributable overheads where appropriate. Provision is made for obsolete, slow-moving or defective items as appropriate. Long term contracts are stated at cost, plus attributable profits, net of amounts transferred to cost of sales, after deducting provisions for foreseeable losses and payments on account. Where turnover differs from invoiced progress payments the balance is included in debtors or creditors as appropriate.

(f) Long-term contract balances

Amounts recoverable on long-term contracts which are included in debtors are stated at the net sales value of the work carried out less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

HALL & TAWSE LIMITED

Notes to the financial statements

1. Principal accounting policies (continued)

(g) 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 apply 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.

(h) Pensions

Contributions to defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of providing pensions over employees' working lives with the Company. Variations in pension costs are allocated over the remaining service lives of employees as an adjustment to the regular pension cost. Differences between contributions paid and amounts charged in the profit and loss account are included as a prepayment or liability in the balance sheet. Contributions to defined contribution pension schemes are charged to the profit and loss account as they fall due.

(i) 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.

(j) Valuation of investments

Fixed asset investments are recorded at cost less provisions for impairment.

2. Operating profit

a) Exceptional items in 2003

The exceptional administration expenses in 2003 relate to claims from ex-employees, which are only partly covered by insurance.

	£000
Cost and provision for employee liabilities	1,675

The taxation impact of the exceptional items is to reduce the tax charge for 2003 by £503,000. The tax charge disclosed in note 5 is shown net of this reduction.

b) Operating profit is stated after charging:	2004 £000	2003 £000
Depreciation of owned tangible fixed assets	238	258
Loss on disposal of fixed assets	5	-
Auditors' remuneration		
- audit	25	26
Operating lease rentals		
- plant and machinery	550	880
- land and buildings	326	347

HALL & TAWSE LIMITED

Notes to the financial statements

2. Operating Profit (continued)

c) Other operating income

	2004 £000	2003 £000
Rental income	(46)	(46)
Gain on sale of tangible assets	-	(10)
	<u>(46)</u>	<u>(56)</u>

3. Employee information

The average monthly number of staff (including executive directors) employed by the Company during the year was:

	2004 Number	2003 Number
Operational	428	448
Administrative	84	94
	<u>512</u>	<u>542</u>

	2004 £000	2003 £000
Staff costs		
Wages, salaries and redundancy costs	13,943	12,549
Social security costs	1,147	1,053
Other pensions costs	1,235	770
	<u>16,325</u>	<u>14,372</u>

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

	2004 £000	2003 £000
Aggregate emoluments	615	415
Aggregate contributions to defined benefit pension scheme	74	56
	<u>689</u>	<u>471</u>
Highest paid director		
Emoluments	149	137
Pension contributions	16	17
	<u>165</u>	<u>154</u>

The highest paid director has an accrued annual pension entitlement under a defined benefit scheme of £9,158 (2003: £10,754).

Benefits are accruing to 8 directors (2003: 6) under defined benefit pension schemes.

HALL & TAWSE LIMITED

Notes to the financial statements

4. Net interest receivable

	2004 £000	2003 £000
Interest receivable and similar income:		
Bank	150	52
Group	252	294
	<hr/>	<hr/>
Net interest receivable	402	346
	<hr/>	<hr/>

5. Tax on profit on ordinary activities

	2004 £000	2003 £000
Current tax:		
United Kingdom corporation tax based on profits of the year at 30% (2003: 30%)	1,277	433
Adjustments in respect of previous periods	(179)	-
	<hr/>	<hr/>
Total current tax	1,098	433
Deferred tax:		
Origination and reversal of timing differences	(14)	(492)
Adjustments in respect of previous periods	174	-
	<hr/>	<hr/>
Total deferred tax	160	(492)
	<hr/>	<hr/>
	1,258	(59)
	<hr/>	<hr/>
Tax reconciliation:	2004 £000	2003 £000
Profit/(loss) on ordinary activities before tax	4,142	(292)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 30%)	1,243	(87)
Effects of:		
Expenses not deductible for tax purposes	20	28
Depreciation in excess of capital allowances	17	14
Movement in short term differences	(3)	478
Adjustment in respect of previous periods	(179)	-
	<hr/>	<hr/>
	1,098	433
	<hr/>	<hr/>

HALL & TAWSE LIMITED

Notes to the financial statements

6. Equity dividends paid and payable

	2004 £000	2003 £000
Dividend paid, nil p per share (2003: 5.55p)	-	645
Dividend payable, 11.66p per share (2003: 32.45p)	1,356	3,773
	<hr/> 1,356	<hr/> 4,418

7. Tangible fixed assets

	Short leasehold £000	Plant vehicles and equipment £000	Total £000
Cost			
At 1 January 2004	24	1,790	1,814
Additions	-	84	84
Transfers to fellow group undertakings	(24)	(1,792)	(1,816)
Disposals	-	(82)	(82)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2004	24	1,217	1,241
Charge for the year	-	238	238
Transfers to fellow group undertakings	(24)	(1,377)	(1,401)
Disposals	-	(78)	(78)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2004	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2003	-	573	573

8. Fixed asset investments

	Equity £000	Loans £000	Total £000
Interests in subsidiary at cost:			
At 1 January 2004 and 31 December 2004	225	120	345

The equity investment represents 100% of the issued ordinary share capital of Mansell North East Limited, a dormant company incorporated in Great Britain. In the opinion of the directors, the value of the above investment is not less than the amount shown above.

HALL & TAWSE LIMITED

Notes to the financial statements

9. Stocks and work in progress

	2004 £000	2003 £000
Raw materials and consumables	-	277
Long term contract balances	-	2,680
	<hr/>	<hr/>
	-	2,957
	<hr/>	<hr/>

On 31 December 2004, the Company transferred its stocks and work in progress to Mansell Construction Services Limited for a consideration equal to the net book value at that date.

10. Debtors

	2004 £000	2003 £000
Due within one year:		
Trade debtors	-	5,492
Amounts recoverable on contracts	-	3,464
Retentions	-	1,430
Amounts owed by group undertakings	6,009	6,778
Other debtors	-	3
Prepayments and accrued income	-	54
	<hr/>	<hr/>
	6,009	17,221
	<hr/>	<hr/>
Due after more than one year:		
Retentions	-	345
Deferred taxation (note 13)	-	576
	<hr/>	<hr/>
	-	921
	<hr/>	<hr/>
Total debtors	6,009	18,142
	<hr/>	<hr/>

On 31 December 2004, the Company transferred its debtors to Mansell Construction Services Limited for a consideration equal to the net book value at that date. An intercompany debtor equal to this consideration was set up at the time.

HALL & TAWSE LIMITED

Notes to the financial statements

11. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Payments on account	-	514
Trade creditors	-	2,971
Contract retentions	-	1,528
Amounts owed to group undertakings	345	72
Corporation tax	-	53
Other taxation and social security	-	1,047
Other creditors	-	602
Accruals and deferred income	-	9,198
Dividends	-	4,045
	<hr/> 345	<hr/> 20,030

On 31 December 2004, the Company transferred its creditors to Mansell Construction Services Limited for a consideration equal to the net book value at that date.

12. Creditors: amounts falling due after more than one year

	2004 £000	2003 £000
Retentions	-	289

On 31 December 2004, the Company transferred its creditors to Mansell Construction Services Limited for a consideration equal to the net book value at that date.

13. Provision for liabilities and charges

	Deferred taxation £000	Employee liabilities £000	Total £000
At 1 January 2004	(576)	1,675	1,099
Profit and loss account	160	(200)	(40)
Transfer to group undertakings	416	(1,475)	(1,059)

At 31 December 2004

-	-	-
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The provision for UK deferred taxation based on a corporation tax rate of 30% comprises:

	2004 £000	2003 £000
Depreciation in excess of capital allowances	-	(9)
Short term timing differences	-	(543)
Deferred tax on pension provision	-	(24)
	<hr/> -	<hr/> (576)

In 2003, deferred tax asset balances are included within debtors due after more than one year (note 10).

There are no amounts of deferred tax not provided (2003: £nil).

HALL & TAWSE LIMITED

Notes to the financial statements

14. Called up share capital

	2004 and 2003	
	Number	Nominal value
Ordinary shares of 25p each:		
Authorised	12,000,000	£ 3,000,000
	<hr/>	<hr/>
Allotted, called up and fully paid	11,628,880	£ 2,907,220
	<hr/>	<hr/>

15. Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2004	13	1,561
Retained profit for the financial year	-	1,528
	<hr/>	<hr/>
At 31 December 2004	13	3,089
	<hr/>	<hr/>

16. Reconciliation of movements in equity shareholders' funds

	2004 £000	2003 £000
Profit/(loss) for the financial year	2,884	(233)
Dividends	(1,356)	(4,418)
	<hr/>	<hr/>
Net addition/(decrease) to equity shareholders' funds	1,528	(4,651)
Opening equity shareholders' funds	4,481	9,132
	<hr/>	<hr/>
Closing equity shareholders' funds	6,009	4,481
	<hr/>	<hr/>

HALL & TAWSE LIMITED

Notes to the financial statements

17. Commitments and contingent liabilities

At 31 December 2004 the Company was committed to making the following payments during the following year in respect of operating leases:

Land and buildings	2004 £000	2003 £000
Expiring within one year	-	26
Expiring between two and five years	-	300
	<hr/>	<hr/>
	-	326
	<hr/>	<hr/>
Motor vehicles and office equipment	2004 £000	2003 £000
Expiring within one year	-	164
Expiring between two and five years	-	360
	<hr/>	<hr/>
	-	524
	<hr/>	<hr/>

On 31 December 2004, the Company transferred its operating lease commitments to Mansell Construction Services Limited.

Contingent liabilities are not expected to give rise to any material loss. The Company has, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Company's own contracts and in respect of group undertakings. Provision is made for the Directors' best estimate of known legal claims and legal actions in progress. The Company takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

There was no material capital expenditure either contracted for, or authorised but not contracted for, at 31 December 2004 (2003: £nil).

18. Pension arrangements

The Company participates in the Mansell plc group defined benefit pension schemes, known as the Mansell plc Pension Scheme and the Hall & Tawse Retirement Benefit Plan. The Company continues to prepare accounts under 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 schemes 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 for the year was £1,119,000 (2003: £770,444).

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

The Company participates in the Standard Life Stakeholder Plan, a defined contribution scheme and had outstanding contributions of £17,000 payable at the year end (2003: £ nil).

HALL & TAWSE LIMITED

Notes to the financial statements

19. Related party transactions

As a subsidiary of Balfour Beatty plc, the Company has taken advantage of the exemption in FRS8 "Related Party Transactions" not to disclose transactions with other members of the group headed by Balfour Beatty plc.

20. Parent undertakings and controlling parties

The Company is a wholly owned subsidiary of Mansell Construction Services Limited, registered in England and Wales, which does not prepare consolidated financial statements.

The Company's ultimate parent undertaking 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 the Company Secretary, Balfour Beatty plc, 130 Wilton Road, London SW1V 1LQ and on the Balfour Beatty website www.balfourbeatty.com.