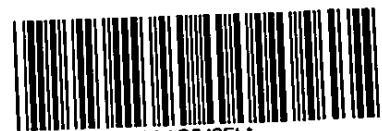


The Telegraph Construction and Maintenance Company Limited

Annual report and financial statements
for the year ended 31 December 2011

Company number 00001147

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THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 2011

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THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2011

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Principal activity and business review

The Company's principal activity is that of a finance company. The Directors expect the activities of the Company to continue on a similar basis.

Results and dividends

The financial statements of the Company are set out on pages 6 to 11. The retained profit for the year of £134,000 (2010: £75,000) has been transferred to reserves.

No dividends were paid during the year (2010: £nil).

Directors

The following were Directors of the Company during the year and up to the date of this report:

P W Goldsmith
M D Peters
C M Pryce

Financial instruments

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the only financial risks the Directors consider relevant to the Company are credit risk and liquidity risk. The Directors do not consider credit risk to be material in the case of the short term loan to the ultimate parent company Balfour Beatty plc, or on the loan to Power Asset Development Company Limited, which derives substantially all its revenue from a PPP concession company with stable long term cash flows. Liquidity risk is not significant because there are no significant creditors.

Going concern

Having made appropriate enquiries, the Directors consider it reasonable to assume that the Company has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities

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

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). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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

THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

Statement of Directors' responsibilities (continued)

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to

- show and explain the Company's transactions,
- 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 2006

The Directors 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 the auditor

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 auditor is unaware, and
- the Director has taken all the 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Auditor

Deloitte LLP has indicated its willingness to continue as auditor to the Company and, in accordance with Section 487 of the Companies Act 2006, it will be deemed to be re-appointed unless the deemed re-appointment is prevented by the members under Section 488 of the Companies Act 2006

Registered Office

Fourth Floor
130 Wilton Road
London
SW1V 1LQ

By order of the Board



C M Pryce, Director
27 June 2012

INDEPENDENT AUDITOR'S REPORT

to the members of

THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

We have audited the financial statements of The Telegraph Construction and Maintenance Company Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

to the members of

THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to take advantage of the small companies regime in preparing the Director's Report



John Adam (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 June 2012

THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2011

	Notes	<u>2011</u> £'000	<u>2010</u> £'000
Other operating income	2	111	30
OPERATING PROFIT		<u>111</u>	<u>30</u>
Interest income	4	71	70
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		<u>182</u>	<u>100</u>
Taxation on profit from ordinary activities	5	(48)	(25)
PROFIT FOR THE FINANCIAL YEAR	9	<u>134</u>	<u>75</u>

The Company has no recognised gains or losses in the current or prior year other than those included in the results above, consequently no statement of total recognised gains and losses has been presented

All activities are from continuing operations in the United Kingdom

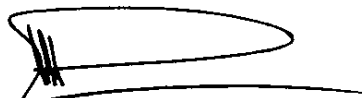
THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

BALANCE SHEET

as at 31 December 2011

	Notes	<u>2011</u> £'000	<u>2010</u> £'000
NON-CURRENT ASSETS			
Debtors			
Amounts falling due after more than one year	6	600	600
CURRENT ASSETS			
Debtors			
Amounts falling due within one year	6	41,924	41,770
CURRENT LIABILITIES			
Creditors			
Amounts falling due within one year	7	(48)	(28)
NET CURRENT ASSETS		<u>41,876</u>	<u>41,742</u>
NET ASSETS		<u>42,476</u>	<u>42,342</u>
CAPITAL AND RESERVES			
Called-up share capital	8	39,850	39,850
Share premium account	9	568	568
Other reserves	9	6	6
Profit and loss account	9	2,052	1,918
SHAREHOLDERS' FUNDS		<u>42,476</u>	<u>42,342</u>

These financial statements of The Telegraph Construction and Maintenance Company Limited (registered number 00001147) were approved by the Board of Directors on 27 June 2012 and signed on its behalf by



M D Peters, Director

27 JUNE 2012

THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below

a Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Practice. The financial statements have been prepared on a going concern basis as discussed in the Directors' Report on page 2.

The Company has taken advantage of the exemption from the requirement of FRS 1 to present a cash flow statement because its ultimate parent company, Balfour Beatty plc, prepares consolidated financial statements which include the Company and are publicly available.

b Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by 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. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

c Revenue recognition

Fees charged for managing investments are recognised as revenue as the services are provided.

THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Other operating income

	<u>2011</u> £'000	<u>2010</u> £'000
Management fee	91	30
Directors fees	20	-
	<u>111</u>	<u>30</u>

3. Employee, Director and auditor costs

The Company has no employees (2010 none) and therefore incurs no employee or pension costs (2010 £nil)

No Director received any emoluments for services to the Company during the year (2010 £nil)

The auditor's remuneration for the audit of the Company's accounts was £2,000 (2010 £2,000) The auditor's remuneration was borne by Balfour Beatty plc in both years

4. Interest income

	<u>2011</u> £'000	<u>2010</u> £'000
Interest income on loans	71	70
	<u>71</u>	<u>70</u>

5. Taxation on profit on ordinary activities

	<u>2011</u> £'000	<u>2010</u> £'000
<i>Current tax</i>		
United Kingdom corporation tax on profits of the year at 26.5% (2010 28%)	48	28
Adjustments in respect of prior years	-	(3)
Total current tax	<u>48</u>	<u>25</u>
<i>Tax reconciliation</i>		
Profit from ordinary activities before taxation	182	100
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	48	28
Effects of Adjustments in respect of prior years	-	(3)
Current tax charge for the year	<u>48</u>	<u>25</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 26.5%

Changes were announced in the March 2012 budget statement to reduce the main stream rate of corporation tax to 24% from 1 April 2012 and thereafter by 1% per year to 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements

THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Debtors

	<u>2011</u> £'000	<u>2010</u> £'000
<i>Amounts falling due within one year</i>		
Short-term loan to Balfour Beatty plc	41,898	41,706
Other debtors	26	64
	<u>41,924</u>	<u>41,770</u>
<i>Amounts falling due after more than one year</i>		
Loan to Power Asset Development Company Limited	600	600
	<u>42,523</u>	<u>42,370</u>

The loan to Balfour Beatty plc is due for repayment on 16 November 2012 and is interest free

The loan to Power Asset Development Company Limited is repayable subject to conditions detailed in the loan agreements and bears interest at a fixed interest rate of 14% per annum

7 Creditors: Amounts falling due within one year

	<u>2011</u> £'000	<u>2010</u> £'000
Corporation tax	(48)	(28)
	<u>(48)</u>	<u>(28)</u>

8. Called-up share capital

	<u>2011</u> £'000	<u>2010</u> £'000
Called-up, issued and fully paid		
39,850,000 ordinary shares of £1 each	<u>39,850</u>	<u>39,850</u>

9. Reconciliation of movements in shareholders' funds

	Share capital	Share premium account	Other reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2011	39,850	568	6	1,918	42,342
Profit for the year	-	-	-	134	134
At 31 December 2011	<u>39,850</u>	<u>568</u>	<u>6</u>	<u>2,052</u>	<u>42,476</u>

THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Related party transactions

As a wholly-owned subsidiary undertaking of Balfour Beatty plc, the Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" not to disclose transactions with other wholly-owned members of the group headed by Balfour Beatty plc

11. Ultimate parent company and controlling party

The Company is a wholly-owned subsidiary undertaking of Armpledge Limited, incorporated in Great Britain and 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 incorporated in Great Britain and 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