

**BALFOUR BEATTY INFRASTRUCTURE  
INVESTMENTS LIMITED**

(formerly BICC Infrastructure Investments Limited)

**ANNUAL REPORT**

**for the year ended**

**31 DECEMBER 2000**

**CONTENTS**



	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Auditors' report</b>	<b>4</b>
<b>Principal accounting policies</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the accounts</b>	<b>8</b>

**BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED**  
(formerly BICC Infrastructure Investments Limited)

**DIRECTORS' REPORT**

**For the year ended 31 December 2000**

The directors submit their annual report on the affairs of the company together with the accounts and auditors' report for the year ended 31 December 2000.

**PRINCIPAL ACTIVITY**

The Company's principal activity is that of an investment company.

On 24 May 2000 the shareholders resolved to change the name of the company to Balfour Beatty Infrastructure Investments Limited. This change was approved by the Registrar of Companies on 5 June 2000.

**ACCOUNTS AND DIVIDENDS**

The accounts of the company appear on pages 5 to 11. A retained profit of £49,000 (1999:£73,000 loss) has been transferred to reserves.

**DIRECTORS**

The directors of the Company during the year were:

P W Goldsmith  
S R Billingham (resigned 10 March 2000)  
S F Murray (resigned 30 September 2000)  
C R O'N Pearson (appointed 01 June 2000)  
F D F T McCormack (appointed 01 June 2000)  
C M Pryce (appointed 01 June 2000)

**DIRECTORS' INTERESTS**

The interests of directors in the share and loan capital of Balfour Beatty plc (formerly BICC plc), the ultimate parent company, were:

Director	Shares		Options		
	1 Jan 2000*	31 Dec 2000	1 Jan 2000*	Granted	31 Dec 2000
C R O'N Pearson	-	-	87,942	-	87,942
P W Goldsmith	2,740	2,740	42,733	18,286	61,019
F D F T McCormack	756	756	127,187	-	127,187

\* or date of appointment, if later.

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

Other than as stated above, no director had any interest in the share or loan capital of the Company or of any other subsidiary undertaking of Balfour Beatty plc at the relevant dates

## DIRECTORS' REPORT (continued)

### DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' report which follows, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

Company law requires the directors to prepare accounts 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 accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

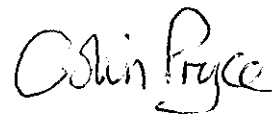
**DIRECTORS' REPORT (continued)**

**AUDITORS**

In accordance with section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually.

Registered Office:  
Fourth Floor  
130 Wilton Road  
London SW1V 1LQ

By Order of the Board

A handwritten signature in dark ink, appearing to read 'Colin Pryce', written in a cursive style.

Director

5 October 2001

## **AUDITORS' REPORT**

**to the shareholders of**

### **BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED**

**(formerly BICC Infrastructure Investments Limited)**

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

#### **Respective responsibilities of directors and auditors**

As described on page 2 the Company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

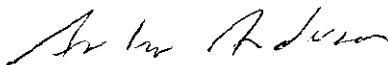
#### **Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 2000 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors  
180 Strand  
London WC2R 1BL

5 Oct 2001

**BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED**

**PRINCIPAL ACCOUNTING POLICIES**

**31 December 2000**

**1. Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable 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 a 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 to present a cash flow statement.

**2. Investments**

Investments comprise holdings in subsidiary, joint ventures and associated undertakings. The Company's investments are stated at cost plus net loans due from such companies, less amounts provided to reflect impairments in value. Where the application of this policy results in a net credit amount this element is classified within provisions for liabilities and charges.

**3. Taxation**

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 taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

**BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 December 2000**

	<u>Notes</u>	<u>2000</u> £'000	<u>1999</u> £'000
Other operating expenses	1	(158)	(101)
Finance charges	2	158	67
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/> -	<hr/> (34)
Taxation	3	49	(39)
PROFIT/(LOSS) AFTER TAXATION		<hr/> 49	<hr/> (73)
RETAINED PROFIT/(LOSS) FOR THE YEAR	7	<hr/> 49	<hr/> (73)

The Company has no recognised gains or losses in either year other than those included in the results above.

The accompanying notes are an integral part of this profit and loss account.

**BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED**

**BALANCE SHEET**

**at 31 December 2000**

	<u>Notes</u>	<u>2000</u> £'000	<u>1999</u> £'000
FIXED ASSETS			
Investments	4	336	100
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	5	2,910	556
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	6	(3,246)	(705)
NET CURRENT LIABILITIES		(336)	(149)
NET LIABILITIES		-	(49)
CAPITAL AND RESERVES			
Called-up share capital	7	-	-
Profit and loss account	8	-	(49)
EQUITY SHAREHOLDERS' FUNDS	8	-	(49)

Signed on behalf of the Board:

  
Director

5 October 2001

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



**BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED**

**NOTES TO THE ACCOUNTS**

**1. Other operating expenses**

	2000 £'000	1999 £'000
Management fee	60	61
Provision for management fee	(60)	(84)
Provision for interest	(158)	(78)
	<u>(158)</u>	<u>(101)</u>

Other operating expenses include a £60,000 provision (1999: £84,000) in respect of management fees, and a £79,000 provision (1999: £78,000) in respect of interest on a loan to Power Asset Development Co Ltd, neither of which are expected to be received until certain conditions are met on completion of the asset.

In addition, a £79,000 provision (1999: £nil) has been made in respect of interest on a loan to Health Management plc which is not expected to be received until certain conditions are met on completion of the asset.

**2. Finance charges**

	2000 £'000	1999 £'000
Interest on loan to Power Asset Development Co Ltd	79	67
Interest on loan to Health Management plc	79	-
	<u>158</u>	<u>67</u>

**3. Taxation**

	2000 £'000	1999 £'000
The taxation for the year comprises:		
Current year:		
UK Corporation tax at 30% (1999: 30.25%)	65	39
Deferred tax	(65)	-
Prior year:		
Deferred tax	(49)	-
	<u>(49)</u>	<u>39</u>

# **BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

### **4. Investments**

	2000 £'000	1999 £'000
Investment in Seeboard Powerlink Ltd	100	100
Investment in Health Management (UCLH) Holdings Ltd	235	-
Investment in Transform Schools (Stoke) Holdings Ltd	1	-
Investment in Power Asset Development Co. Ltd	-	-
Investment in Aberdeen Environmental Services Ltd	-	-
	<u>336</u>	<u>100</u>

In January 2000 the Company acquired 33.33% of the ordinary share capital of Health Management (UCLH) Holdings Ltd, a company incorporated in England and Wales for consideration of £235,000.

In May 2000 the Company acquired 45% of the ordinary share capital of Aberdeen Environmental Services Ltd, a company incorporated in England and Wales for consideration of £45.

In October 2000 the Company acquired 50% of the ordinary share capital of Transform Schools (Stoke) Holdings Ltd, a company incorporated in England and Wales, for consideration of £500.

### **5. Debtors: amounts falling due after more than one year**

	2000 £'000	1999 £'000
Loan to Power Asset Development Co Ltd	724	556
Loan to Health Management (UCLH) Holdings Ltd	2,072	-
Deferred tax	114	-
	<u>2,910</u>	<u>556</u>

The loans to Power Asset Development Co Limited and Health Management (UCLH) Holdings Ltd are repayable based on conditions detailed in the loan agreements and bear interest at 14% and 8% per annum respectively.

# BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 6. Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Loan payable to Balfour Beatty plc	3,181	666
Corporation tax	65	39
	<u>3,246</u>	<u>705</u>

The loan from Balfour Beatty plc is repayable upon 7 days' notice and is interest free.

### 7. Deferred Taxation

	£'000
At 1 January 2000	-
Profit and loss account	114
At 31 December 2000	<u>114</u>

Deferred taxation is fully provided in the accounts and relates to short-term timing differences.

### 8. Share Capital

	No	£
Authorised at beginning and end of year:		
Ordinary shares of £1 each	<u>50</u>	<u>50</u>
Issued and fully paid at beginning and end of year:		
Ordinary shares of £1 each	<u>4</u>	<u>4</u>

# **BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

### **9. Reconciliation of movements in shareholders' funds**

	Share Capital	Profit & loss account	Total
	£'000	£'000	£'000
At 1 January 2000	-	(49)	(49)
Profit for the year	-	49	49
At 31 December 2000	<u>-</u>	<u>-</u>	<u>-</u>

### **10. Other matters**

During the year none of the directors received emoluments for their services to the Company.  
(1999: £nil)

The Company had no employees during the year.(1999: nil)

The audit fee was borne by Balfour Beatty plc, the ultimate parent company.

The financial statements of Balfour Beatty plc, which indirectly owns at least 90 per cent of the voting share capital of the Company, are publicly available. Accordingly, no disclosure of related party transactions between the Company and Balfour Beatty plc, or any related parties of Balfour Beatty plc, is made in this Annual Report and Accounts.

### **11. Company Financing**

The Company's ultimate parent company, Balfour Beatty plc, has agreed to provide or procure adequate financial resources to allow the Company to meet its obligations as they fall due for a period of not less than twelve months from the date of signing these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

### **12. Ultimate parent company**

The Company is a wholly-owned subsidiary undertaking of Balfour Beatty plc, 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 accounts of Balfour Beatty Group are available to the public and may be obtained from Fourth Floor, 130 Wilton Road London SW1V 1LQ.