

Company Registration No. 637008

BIRSE CIVILS LIMITED

Report and Financial Statements

Year ended 31 December 2009



BIRSE CIVILS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

CONTENTS

Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	7
Independent Auditors' Report	8
Profit and loss account	10
Statement of total recognised gains and losses	10
Balance sheet	12
Reconciliation of movements in shareholders' deficit	14
Notes to the financial statements	15

BIRSE CIVILS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Adams
M Farrah
M Johnson
M Scott

SECRETARY

Philip Morris

REGISTERED OFFICE

3 Grimston Grange
Sherburn Road
Tadcaster
North Yorkshire
LS24 9BX

BANKERS

HSBC plc
Level 38
8 Canada Square
London
E14 5HQ

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Glasgow

BIRSE CIVILS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

ACTIVITIES AND FUTURE PROSPECTS

The principal activity of the Company is Civil Engineering and the provision of related professional services. These activities are fulfilled through a number of regional business units.

The results for the year are set out in the profit and loss account on page 7.

In 2009 turnover continued to improve from £251m in the previous year to £268m which represents a 7% increase. Highlights during the year included the securing of 2 major road schemes in excess of £50m in value and orders placed during the period of some £286m. The Nuclear Decommissioning market continues to present a number of large projects for tender which the directors believe will offer good opportunities for further growth in the future in this market sector.

At 31 December 2009 the company had cash at bank and in hand of £36m (2008, £32m) and net assets before the pension liability of £13m (2008, £9m).

Our strategic business plan ensures that we are clear about our mission and the values and behaviours needed to achieve it.

Our mission sets out the purpose of the five main aims of the business, these are:

- Safe operations
- Customer expectations exceeded
- Industry leading profits and controlled turnover growth
- Successful employees
- Recognition and respect within the industry

As a business we have devised a number of key performance indicators (KPI's) to measure our success in achieving each of these aims. The KPI's are reported at individual project, regional business and company levels and form a key part of our management culture.

The following non-financial indicators are utilised:

K P I	Actual	Target
Accident Frequency Rate	0.07	0.10
% of customers who would recommend Birse to others	96%	94%
Staff turnover	7%	12%
Recognised Industry Awards	30	17

PRINCIPAL UNCERTAINTY

Because the Company generates such a large proportion of its revenue from public sector organisations, the major uncertainty we face remains the Government's commitment to investment in public infrastructure. Work for private developers constitutes only a minor (less than 5%) proportion of our total business. Consequently, we do not believe the current economic uncertainties in the Housing and Commercial Property markets will impact adversely on the business. At the end of December 2009, the Company's order book was valued at £297m, of which £201m was expected to be completed in 2010. The directors are of the opinion that turnover for the year to 31 December 2010 should exceed £268m and that public sector spending in our chosen markets will continue at current levels.

GOING CONCERN

The directors have considered the Going Concern assumption given the current economic climate and the shareholders' deficit of £10.7m and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the forecast trading performance, the available cash and the letter of continuing financial support from the ultimate parent company in making this assessment.

BIRSE CIVILS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

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

T Thrall	(resigned 26 February 2010)
R Adams	
M Farrah	
M Johnson	(appointed 17 March 2010)
M Scott	(appointed 17 March 2010)

DIVIDEND

The directors do not recommend payment of a final dividend (2008 £nil)

TAXATION STATUS

As far as the directors are aware, the company is not a close company for taxation purposes

TREASURY

The company's treasury function operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The company's principal financial instruments comprise borrowings, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The company does not use interest rate swaps to manage the interest rate risks arising from the company's operations.

SUPPLIER PAYMENT POLICY

Where appropriate to the circumstances prevailing, it is the policy of the company to place orders with suppliers in documented form and process such orders for payment in accordance with terms and conditions set out therein.

The trade creditors at 31 December 2009 represent 80 creditor days (2008 93 days) based on the total amounts invoiced by suppliers during the year.

EMPLOYEES

The Company has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to the applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Appropriate training is arranged for disabled persons and employees who become disabled, including retraining for alternative work, with the objective of promoting their career development within the organisation.

Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the Company. In addition, the Board takes account of employees' interests when making decisions, and the employees are informed of the Company's performance on a regular basis. Suggestions from employees aimed at improving the Company's performance are encouraged.

Full and fair consideration is given to all applicants for employment, irrespective of colour or creed.

BIRSE CIVILS LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

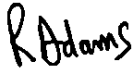
Each of the persons who is a director at the date of approval of this report confirms that,

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



R Adams
Director
27th September 2010

BIRSE CIVILS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to,

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 and 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. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIRSE CIVILS LIMITED

We have audited the financial statements of Birse Civils Limited for the year ended 31 December 2009 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Deficit and the related notes 1 to 20. 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 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 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 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 (APB'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.

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 2009 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.

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.



Colin Gibson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Glasgow

24 September 2010

BIRSE CIVILS LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 2009**

	Note	2009 £'000	2008 £'000
TURNOVER – continuing operations	2	267,707	250,502
Cost of sales		(244,435)	(227,567)
GROSS PROFIT		23,272	22,935
Administrative expenses		(16,154)	(17,495)
Exceptional pension credit	18	-	5,143
OPERATING PROFIT - continuing operations	4	7,118	10,583
Net interest (payable)/receivable	5	(1,087)	1,623
PROFIT ORDINARY ACTIVITIES BEFORE TAXATION		6,031	12,206
Tax on profit on ordinary activities	6	(946)	(3,146)
PROFIT FOR THE FINANCIAL YEAR	15	5,085	9,060

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2009

	2009 £'000	2008 £'000
PROFIT FOR THE FINANCIAL YEAR	5,085	9,060
Actuarial losses on retirement benefit obligations	(17,245)	(2,212)
Tax on items in equity	4,829	619
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR	(7,331)	7,467

BIRSE CIVILS LIMITED

BALANCE SHEET **31 December 2009**

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	8	536	226
CURRENT ASSETS			
Debtors	9	53,704	50,229
Cash at bank and in hand		36,158	32,376
		<u>89,862</u>	<u>82,605</u>
CREDITORS: amounts falling due within one year	10	<u>(75,057)</u>	<u>(71,879)</u>
NET CURRENT ASSETS		<u>14,805</u>	<u>10,726</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,341</u>	<u>10,952</u>
CREDITORS Amounts falling due after more than one year	11	<u>(2,635)</u>	<u>(2,384)</u>
NET ASSETS EXCLUDING RETIREMENT BENEFIT OBLIGATIONS		<u>12,706</u>	<u>8,568</u>
RETIREMENT BENEFIT OBLIGATIONS	18	<u>(23,369)</u>	<u>(11,937)</u>
NET LIABILITIES INCLUDING RETIREMENT BENEFIT OBLIGATIONS		<u>(10,663)</u>	<u>(3,369)</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	14	5,000	5,000
Other reserves	7,15	107	70
Profit and loss account	15	<u>(45,770)</u>	<u>(8,439)</u>
SHAREHOLDERS' DEFICIT		<u>(10,663)</u>	<u>(3,369)</u>

The financial statements of Birse Civils Limited (company registration number 637008) were approved by the Board of Directors on 27th September 2010

Signed on behalf of the Board of Directors



R Adams

Director

BIRSE CIVILS LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT****Year ended 31 December 2009**

	2009	2008
	£'000	£'000
Profit for the financial year	5,085	9,060
Actuarial gains and losses on retirement benefit obligations	(17,245)	(2,212)
Tax on items in equity	4,829	619
Movement in other reserve (note 7)	37	40
	<hr/>	<hr/>
Net (addition to)/withdrawal from shareholders' deficit	(7,294)	7,507
Opening shareholders' deficit	(3,369)	(10,876)
	<hr/>	<hr/>
Closing shareholders' deficit	(4,663)	(3,369)

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

1 ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below. All of these have been applied consistently throughout the current and preceding year.

The financial statements are prepared under the historical cost convention in accordance with the reporting requirements of the Companies Act 2006, together with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

The directors have considered the Going Concern assumption given the current economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the forecast trading performance, the available cash and the letter of continuing financial support from the ultimate parent company in making this assessment.

Cash flow statement

The company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of Balfour Beatty plc which prepares publicly available consolidated financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation less any provision for impairment in value.

Depreciation is provided on a straight line basis over the estimated useful lives of the computer equipment, office equipment and leased assets. The annual rates of depreciation are as follows:

Fixtures and fittings	20% - 33%
-----------------------	-----------

Long term contracts

When the outcome of individual contracts can be foreseen with reasonable certainty and can be estimated reliably, margin is recognised by reference to the stage of completion. Full provision is made for all known or expected losses on individual contracts immediately once such losses are foreseen. Amounts recoverable on contracts are valued at anticipated net sales value of the work done after provision for anticipated future losses. Margin in respect of variations in contract work, claims and incentive payments is recognised if it is probable they will result in revenue. Cash received on account is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors as advance payments.

Pension costs

For defined benefit pension schemes the cost of providing benefits are recognised in the profit and loss account and the defined benefit obligation is determined at the balance sheet date using the projected unit credit method by independent actuaries. The liability recognised in the balance sheet comprises the present value of the defined benefit obligation, determined by discounting the estimated future cash flows using the rate of interest on high quality corporate bonds, less the fair value of the plan assets. Actuarial gains and losses are recognised in full outside the profit and loss account in the year in which they occur in the statement of total recognised gains and losses. Contributions to defined contribution pension schemes are charged to the profit and loss account as they fall due.

Taxation

Current tax including UK corporation tax and foreign tax is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

1 ACCOUNTING POLICIES (continued)

Leases and hire purchase contracts

Fixed assets leased under finance leases or acquired under hire purchase contracts are capitalised at the total amount of instalments payable under the related agreement (excluding finance charges) and depreciated in accordance with the above policy. Finance charges are expensed to the profit and loss account over the period of the lease at the appropriate rate of charge on the remaining balance of the obligation. Operating lease rentals are written off as incurred.

Share-based payments

Employee services received in exchange for the grant by Balfour Beatty plc of share options, performance share plan awards and deferred bonus plan awards since 7 November 2002 are charged in the income statement over the vesting period, based on the fair values of the options or awards at the date of grant and the numbers expected to become exercisable. The credits in respect of the amounts charged are included within separate reserves in equity until such time as the options or awards are exercised.

2. TURNOVER

Turnover, derived from the principal activity, is calculated on the basis of the value of work executed during the period within the United Kingdom excluding value added tax.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009	2008
	£'000	£'000
Directors' emoluments		
Remuneration	425	479
Pension contributions	52	39
	<u>477</u>	<u>518</u>
Highest paid director		
Remuneration	208	242
Pension contributions	14	15
	<u>222</u>	<u>257</u>

The accrued pension of the highest paid director as at 31 December 2009 amounted to £82,400 (2008 £82,400). All directors are members of the Group's defined benefit pension scheme.

	2009	2008
	No.	No.
Average number of persons employed		
Production	595	609
Administration	203	243
	<u>798</u>	<u>852</u>

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2009	2008
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	31,479	33,110
Social security costs	3,007	3,820
Defined contribution pension costs	2,304	2,535
Share-based payments	37	40
	<u>36,827</u>	<u>39,505</u>

The defined benefit pension contributions are disclosed in note 18

Of the 798 employees employed by the Company in the year, 89 (2008 108) are utilised by other Group companies and their attendant costs are not recognised in these financial statements. The adjusted information relating to employees and staff costs utilised by Birse Civils Limited is as follows

	2009	2008
	No.	No.
Average number of persons employed		
Production	549	566
Administration	160	178
	<u>709</u>	<u>744</u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	28,514	29,654
Social security costs	2,745	3,484
Defined contribution pension costs	2,217	2,322
Share-based payments	37	40
	<u>33,513</u>	<u>35,500</u>

4. OPERATING PROFIT

	2009	2008
	£'000	£'000
Operating profit is after charging:		
Depreciation		
- on assets held under finance leases and hire purchase contracts	32	83
- Owned assets	95	101
Operating lease rentals -		
- Land and buildings	654	491
- Plant and machinery	3,701	4,383
Fees payable to the company's auditors for the audit of the company's annual accounts	50	35
Other services pursuant to legislation - taxation	-	1
	<u>-</u>	<u>1</u>

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

5. NET INTEREST (PAYABLE)/RECEIVABLE

	2009	2008
	£'000	£'000
Bank interest (payable)/receivable	(71)	1,295
Finance charges payable under finance leases and hire purchase contracts	(5)	(7)
Pension scheme interest (note 18)	(1,011)	335
	<u>(1,087)</u>	<u>1,623</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009	2008
	£'000	£'000
Corporation tax		
Corporation tax at 28% (2008 28.5%)	-	(804)
Adjustments in respect of prior years	(1,315)	-
Deferred tax		
Pension scheme	(383)	(1,749)
Timing differences, origination and reversal	(678)	(577)
Adjustments in respect of prior years	1,430	(16)
Tax charge on profit for the year	<u>(946)</u>	<u>(3,146)</u>

Factors affecting tax charge for the year

The tax assessed for the year differs to the average rate of corporation tax of 28% (2008 28.5%) The differences are explained below

	2009	2008
	£'000	£'000
Profit on ordinary activities before tax	<u>6,031</u>	<u>12,206</u>
Expected tax charge	(1,689)	(3,479)
Tax loss utilised	1,334	960
Expenses not deductible for tax purposes	(28)	(72)
Capital allowances in excess of depreciation	-	7
Adjustments in respect of prior years	(1,315)	-
Movement on FRS 17 pension deficit	383	1,780
Current tax charge on profit on ordinary activities	<u>(1,315)</u>	<u>(804)</u>

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

7. SHARE-BASED PAYMENTS

Certain employees of the Company are participants in four equity-settled share-based payment arrangements operated by the Company's ultimate parent, Balfour Beatty plc, namely the savings-related share option scheme, the executive share option scheme, the performance share plan and the deferred bonus plan. The Company recognised total expenses related to equity-settled share-based payment transactions since 7 November 2002 of £37,000 in 2009 (2008 £39,724).

In October 2009, Balfour Beatty plc completed a 3 for 7 rights issue at a subscription price of 180p per new ordinary share. Following the rights issue, adjustments were made to the number of shares under option and the exercise prices in accordance with the HMRC approved standard formula. The adjustment factor was calculated by dividing the share price immediately before the shares were quoted ex-rights (316 0p) with the theoretical ex-rights price (275 2p), giving an adjustment factor of 1.14826. The same adjustment factor was used to adjust the awards under the performance share plan and the deferred bonus plan. Numbers and prices prior to the rights issue have been adjusted onto a comparable basis.

Savings-related share options

Balfour Beatty plc operates an HMRC approved savings-related share option scheme ("SAYE") under which employees are granted an option to purchase ordinary shares in Balfour Beatty plc in either three or five years time, dependent upon their entering into a contract to make monthly contributions to a savings account over the relevant period. These savings are used to fund the option exercise. This scheme is open to all employees based in the UK and performance conditions are not applied to the exercise of SAYE options. Employees normally have a period of six months after completion of the savings contributions during which to exercise the SAYE options, failing which they lapse. On 18 May 2009, options were granted over 2,883,694 (adjusted) ordinary shares at 249 0p (adjusted) per share, and these are normally exercisable in the periods from July 2012 to December 2012 and from July 2014 to December 2014 depending upon the length of savings contract chosen by the participant.

The information in relation to SAYE options granted to employees of the Company since 7 November 2002 was

	SAYE options number (adjusted) 2009	Weighted average Exercise Price Pence (adjusted) 2009	SAYE options number (adjusted) 2008	Weighted average Exercise Price Pence (adjusted) 2008
Outstanding at start of the year	160,705	330	125,271	339
Granted during the year	54,413	249	58,287	315
Transferred during the year	1,767	333	-	-
Forfeited during the year	(30,984)	317	(22,853)	367
Expired during the year	(672)	226	-	-
Outstanding at the end of the year	185,229	309	160,705	379.5
Exercisable at the end of the year	-	-	-	-

The weighted average share price at the date of exercise for those SAYE options exercised during the year by all participants was 272 3p (2008 adjusted 349 4p). Those SAYE options granted to employees of the Company which were outstanding at 31 December 2009 had a weighted average remaining contractual life of 2.8 years (2008 3.3 years).

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

7 SHARE-BASED PAYMENTS (continued)

The principal assumptions used by the consultants in the stochastic model for the SAYE options granted in 2009 including expected volatility determined from the historic weekly share price movements over the three year period immediately preceding the invitation date, were

Invitation date	Exercise price Pence (adjusted)	Closing share price before invitation Pence (adjusted)	Expected dividend yield %	Expected volatility of shares %	Expected term of options years	Risk-free interest rate %	Calculated fair value of an option Pence (adjusted)
9 April 2009							
- 3 year	249.0	305.7	3.65	33.0	3.25	2.20	77.7
- 5 year	249.0	305.7	3.65	33.0	5.25	2.73	85.6

8. FIXED ASSETS

	Fixture & fittings £'000
Cost	
At 1 January 2009	465
Additions	437
At 31 December 2009	902
Depreciation	
At 1 January 2009	239
Charge for the year	127
At 31 December 2009	366
Net book value	
At 31 December 2009	536
At 31 December 2008	226

Included within fixed assets are assets held under finance lease with a net book value of £45,315 (2008 £77,302)

9 DEBTORS

	2009 £'000	2008 £'000
Trade debtors	30,646	28,013
Amounts recoverable on contracts	13,486	11,673
Amounts owed by parent company and fellow subsidiary undertakings	7,274	5,860
Prepayments and accrued income	621	2,259
Corporation tax receivable	754	2,253
Deferred tax (note 13)	923	171
	53,704	50,229

Included in Trade Debtors is an amount of £4,088,000 which is due after more than one year (2008 £3,737,000)

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£'000	£'000
Trade creditors	46,170	52,996
Advance payments	13,281	6,598
Amounts owed to parent company and fellow subsidiary undertakings	9,122	7,532
Accruals and deferred income	1,313	382
Other taxation and social security	5,132	4,332
Obligations under finance leases and hire purchase contracts (note 12)	39	39
	<u>75,057</u>	<u>71,879</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£'000	£'000
Trade creditors (all due between 1 and 2 years)	2,625	2,335
Obligations under finance leases and hire purchase contracts (note 12)	10	49
	<u>2,635</u>	<u>2,384</u>

12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2009	2008
	£'000	£'000
The maturity of these amounts is as follows		
Amounts payable		
Within one year	39	39
In two to five years	12	56
	<u>51</u>	<u>95</u>
Less finance charges allocated to future periods	(2)	(7)
	<u>49</u>	<u>88</u>
Finance leases and hire purchase contracts are analysed as follows		
Current obligations (note 10)	39	39
Non-current obligations (note 11)	10	49
	<u>49</u>	<u>88</u>
Analysis of changes in finance leases and hire purchase contracts during the current and previous periods		
At 1 January 2009	88	111
Capital element of finance lease rental payments	(39)	(23)
At 31 December 2009	<u>49</u>	<u>88</u>

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

13. DEFERRED TAXATION

	Provided	
	2009	2008
	£'000	£'000
Depreciation in excess of capital allowances	154	152
Losses not utilised	752	-
Share based payments	17	19
	<u>923</u>	<u>171</u>

The deferred tax assets recognised (note 9) are based upon the estimated tax losses of the business that can be relieved or upon those timing differences that will reverse in the foreseeable future after taking into account the historical performance of the businesses

	Asset
	£'000
At 1 January 2009	171
Profit and loss account	752
At 31 December 2009	<u>923</u>

There is no unprovided deferred tax at the current year or prior year end

14. CALLED UP SHARE CAPITAL

	31 December	31 December
	2009	2008
	£'000	£'000
Authorised		
5,000,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Called up, allotted and fully paid		
5,000,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

15. MOVEMENTS ON RESERVES

	Other	Profit and
	reserves	loss account
	£'000	£'000
Balance at 1 January 2009	70	(8,439)
Profit for the year	-	5,085
Actuarial gains and losses on retirement benefit obligations	-	(17,245)
Tax on items taken directly to equity	-	4,829
Movements relating to share-based payments (note 7)	37	-
	<u>107</u>	<u>(15,770)</u>

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

16. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 December 2009 the company was committed to making the following annual payments under non-cancellable operating leases

	Land and Buildings	
	2009	2008
	£'000	£'000
Leases which expire		
Within one year	-	660
Between two and five years	543	1,736
After five years	135	-
	<u> </u>	<u> </u>

16 CONTINGENT LIABILITIES, GUARANTEES AND SECURITY

The company, along with other members of the group registered in England, is party to guarantees and mortgages given to the group's bankers and surety agents for any borrowings or guarantees provided thereby. Disclosure of the group borrowings is made in the Balfour Beatty plc financial statements.

17 PENSION SCHEME

Certain employees of the Company are members of the Balfour Beatty Pension Fund which includes defined benefit and defined contribution sections and is managed by the Parent Company. Defined benefit schemes provide benefits based on employees' pensionable service and their pensionable salary. Defined contribution schemes are those where the Company's obligation is limited to the amount that it contributes to the scheme and the scheme members bear the investment and actuarial risks.

The defined benefit section is closed to new members with the exception of certain employees transferring under TUPE. During the prior year the Parent Company implemented measures to limit the increase in pensionable pay of certain groups of in-service defined benefit members, giving rise to a reduction in past service liabilities which was classified as an exceptional item in the profit and loss account.

Defined benefit obligations are calculated using the projected unit credit method and discounted to a net present value using the rate of return on high quality corporate bonds. Contributions are determined in accordance with independent actuarial advice and are based on pension costs across the Parent Company and its subsidiaries as a whole.

Allocation of the Balfour Beatty Pension Fund

The policy of the Balfour Beatty Group is that the assets, liabilities, income and expenditure relating to the Balfour Beatty Pension Fund should be allocated to each of the participating companies in the scheme in proportion to pensionable payroll for the year. The Balfour Beatty Pension Fund includes a defined contribution section. Employer contributions paid and charged in the profit and loss account have been separately identified and the defined contribution section assets and liabilities have been excluded from the tables below. The disclosures shown below reflect the Company's proportion of the total Balfour Beatty Pension Fund.

The company has adopted the amendments to FRS 17 Retirement Benefits, which align the required disclosures with IAS 19 Employee Benefits. Prior year comparatives have been presented on this basis.

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

18. PENSION SCHEME (continued)

The principal actuarial assumptions for the FRS17 accounting valuations of Balfour Beatty Pension Fund is as follows

	Balfour Beatty Pension Fund 2009 %	Balfour Beatty Pension Fund 2008 %
Discount rate on obligations	5.65	6.45
Expected return on plan assets	5.93	6.27
Inflation rate	3.50	2.80
Future increases in pensionable salary		
– certain members of the Balfour Beatty Pension Fund	-	2.80
– other members	5.00	4.30
Rate of increase in pensions in payment (or such other rate as is guaranteed)	3.50	2.80

The mortality tables adopted for the 2009 and 2008 valuations are the 1992 series calendar year 2007 tables, with future improvements applicable to each member's year of birth under the medium cohort effect from 2007

	2009 Average life expectancy at 65 years of age	2008 Average life expectancy at 65 years of age
Members in receipt of pension		
– Male	20.4 years	20.3 years
– Female	23.4 years	23.4 years
Members not yet in receipt of pension (current age 50)		
– Male	21.4 years	21.3 years
– Female	24.3 years	24.3 years

The Balfour Beatty Pension Fund actuary undertakes regular mortality investigations based on the experience exhibited by pensioners of the BBPF and due to the size of the membership of the BBPF (45,667 members at 31 December 2009) is able to make comparisons of this experience with the mortality rates set out in the various published mortality tables. The actuary is also able to monitor changes in the exhibited mortality over time. As a result of these reviews the Parent Company is able to adopt with a measure of confidence consistent mortality assumptions across its various defined benefit schemes.

In 2008 the reviews suggested continuing improvements in life expectancy and therefore the mortality assumptions were strengthened compared with the previous formal funding valuations and the 31 December 2006 valuation reviews.

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

18. PENSION SCHEME (continued)

The amounts recognised in the balance sheet are as follows

	Balfour Beatty Pension Fund 2009 £'000	Balfour Beatty Pension Fund 2008 £'000
Present value of funded obligations	(182,423)	(148,985)
Fair value of plan assets	149,966	132,406
Pension fund liability	(32,457)	(16,579)
Related deferred tax asset	9,088	4,642
Net pension liability	<u>(23,369)</u>	<u>(11,937)</u>

The amounts recognised in the profit and loss account are as follows

	Balfour Beatty Pension Fund 2009 £'000	Balfour Beatty Pension Fund 2008 £'000
Current service cost	(2,192)	(3,267)
Expected return on plan assets	8,346	10,053
Interest cost	(9,357)	(9,718)
Exceptional reduction in pension past service liabilities	-	5,143
Total (charged) /credited to profit and loss account	<u>(3,203)</u>	<u>2,211</u>

The exceptional pension credit relates to past gains not previously recognised and was taxed at 28%

The amounts recognised in the statement of total recognised gains and losses are as follows

	Balfour Beatty Pension Fund 2009 £'000	Balfour Beatty Pension Fund 2008 £'000
Actuarial (losses)/gains on pension scheme obligations	(28,745)	28,944
Actuarial gains/(losses) on pension scheme assets	11,500	(31,156)
Total actual losses recognised in the statement of total recognised gains and losses	<u>(17,245)</u>	<u>(2,212)</u>
Cumulative losses recognised in reserves	<u>(18,575)</u>	<u>(1,330)</u>

The actual return on plan assets was a gain of £19,846,000 (2008 loss of £21,103,000)

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

18 PENSION SCHEME (continued)

The movement in the present value of obligations is as follows

	Balfour Beatty Pension Fund 2009 £'000	Balfour Beatty Pension Fund 2008 £'000
At 1 January	(148,985)	(175,053)
Service cost	(2,192)	(3,267)
Exceptional past service gain	-	5,143
Interest cost	(9,357)	(9,718)
Actuarial (losses)/gains	(28,745)	28,944
Contributions from members	(1,136)	(1,438)
Benefits paid	7,992	6,404
At 31 December	<u>(182,423)</u>	<u>(148,985)</u>

The movement in the fair value of plan assets is as follows

	Balfour Beatty Pension Fund 2009 £'000	Balfour Beatty Pension Fund 2008 £'000
At 1 January	132,406	154,440
Expected return on plan assets	8,346	10,053
Actuarial gains/(losses)	11,500	(31,156)
Contributions from employer - regular funding	1,763	2,099
Contributions from employer - deficit funding	2,809	1,936
Contributions from members	1,136	1,438
Benefits paid	(7,992)	(6,404)
At 31 December	<u>149,968</u>	<u>132,406</u>

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

18 PENSION SCHEME (continued)

The fair value and expected rates of return on the assets held by the schemes at 31 December are as follows

Balfour Beatty Pension Fund	Expected rate of return 2009 %	Value 2009 £'000	Expected rate of return 2008 %	Value 2008 £'000
Equities	8.30	51,597	8.35	38,279
Bonds				
- index linked gilts	4.50	20,364	3.80	30,169
- fixed rate gilts	4.30	863	4.00	9,417
- corporate and other bonds	4.40	65,433	6.70	46,586
Funds of hedge funds	6.60	6,137	6.30	6,037
Cash and other net assets	4.40	5,572	3.60	1,918
Rate of return/total	5.93	149,966	6.27	132,406

The expected rates of return on scheme assets were determined as the average of the expected returns on the assets held by the scheme on 31 December. The rates of return for each class were determined as follows,

- equities and funds of hedge funds: the rate adopted is consistent with the median assumption used in the actuary's asset modelling work as at 31 December,
- bonds: the rate has been set to reflect the yields available on the gilts and corporate bond holdings held at 31 December,
- cash and other net assets: this class principally comprises inflation rate swaps and cash holdings and the rate adopted reflects current short-term returns on cash deposits

The estimated amounts of contributions expected to be paid to the principal defined benefit schemes during 2009 are as follows

	Balfour Beatty Pension Fund 2009 £'000
Regular funding	2,778
Deficit funding	1,668
Total	4,446

Year end historic information for the company share of the BBPF post-retirement benefit plan is as follows

	2009 £'000	2008 £'000
Defined benefit obligations at end of year	(182,423)	(148,986)
Fair value of assets at end of year	149,966	132,406
Funded status at end of year	(32,457)	(16,580)
Experience adjustment for liabilities	(877)	(877)
Experience adjustment for assets	11,500	(31,156)

BIRSE CIVILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

18. PENSION SCHEME (continued)

Funding valuations

The last formal funding valuation is as detailed below

	Balfour Beatty Pension Fund £'m
Last formal funding valuation	31 March 2007
Scheme deficit	
Market value of assets	1,693
Present value of scheme liabilities	(1,770)
Deficit in defined benefit scheme	(77)
Funding level	95.6%

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available in FRS 8 not to disclose transactions with other wholly owned group companies

There were no other related party transactions in the current or prior year

19. ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company is Balfour Beatty plc, a company registered in England and Wales, and this is the largest group that prepares consolidated financial statements which include the accounts for the company. Copies of the group accounts of Balfour Beatty plc are available from 130 Wilton Road, London SW1 1LQ. The directors consider that Birse Construction Limited is the immediate parent company.