PB Limited

Report and financial statements
For the year ended 31 December 2011

Registered No 656314

Registered No 656314

Contents

Registered No 656314

Directors
N W J Flew
S D Bingham
S J Reffitt

Secretary
R J Proctor

Auditor
Deloitte LLP
London
United Kingdom

Principal Bankers
HSBC plc
110 High Street
Godalming
Surrey
GU7 1 DP

Registered Office
Amber Court
William Armstrong Drive
Newcastle Business Park
Newcastle upon Tyne
NE4 7YQ

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2011

Principal activity
PB Limited ("the company") is an indirect subsidiary of Balfour Beatty plc, a public limited company registered in England and Wales and listed on the London Stock Exchange

The principal activity of the company continued to be that of the provision of direct and indirect consulting engineering services to a wide range of clients, across several geographic areas

Business review
The financial statements for the year ended 31 December 2011 are set out on pages 9 to 26 A loss for the year of £745,000 (14 months ended 31 December 2010 loss of £4,454,000) has been transferred from reserves

The company's key financial and other performance indicators during the period were as follows

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010	Change
	£'000	£'000	%
Turnover	68,304	98 817	31%
Total operating loss	(90)	(3,569)	97%
Loss after tax	(744)	(4,454)	83%
Shareholders' deficit	(12,140)	(4,928)	-146%
Current assets as a % of current liabilities	150%	147%	-2%
Average number of employees	1,499	1,625	

On a 12 month equivalent basis there was a £16 4m decrease in turnover but a £3 0m decrease in operating loss The reduction in turnover, with a comparable reduction in cost of sales, is due to the channelling of new business through the other group companies, notably Parsons Brinckerhoff Limited The main factor resulting in the reduction in the operating loss was the reduction in administrative expenses of £14 6m on a 12 month equivalent basis The main factors that resulted in this decrease are explained below

- £5 2m decrease in allocated costs from other group companies, reflecting operational efficiencies and reduced activity in the company in the year,
- £4 1m decrease in administrative salary costs, and
- £1 4m decrease in legal fees

The loss after tax for the period resulted in a shareholders' deficit of £12,140,000 at 31 December 2011 The balance sheet shows a deficit due to the allocation of the PB UK Group Pension Plan across the participating companies Without this allocation the company would be reporting net assets of £17,191,000

The directors anticipate a comparable level of performance in the coming year

Going concern
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 the financial statements

On this basis the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the financial statements

Financial risk management objectives and policies
Performance and financial risk management is an integral part of the company's management processes Policies designed to identify, manage and limit both existing and possible risks are applied at various management levels The principal risks and uncertainties of the company are as follows

Financial risk management objectives and policies (continued)

Performance risk

This is the risk identified that the company will fail to meet its contractual obligations in connection with revenue generating activity, for example, by reference to the quality of work performed, the level of costs compared to forecast or delivery within an agreed timeframe The company is engaged on a wide range of contracts, with the successful delivery of all contracts being controlled and managed through the company's operating structure In delivering these contracts, rigorous processes have been established to monitor and manage potential risk exposure These procedures include the regular and frequent reviews with an agenda centred on health, safety and environment performance, issues affecting delivery and the impact on costs to completion and forecast revenue

Foreign currency risk

The company buys and sells services outside the United Kingdom, denominated in currencies other than sterling As a result, the value of the company's non-sterling revenues, cost of sales, assets, liabilities and cash flows can be affected significantly by movements in exchange rates in general and in US Dollar, Euro, Saudi Riyal, Qatari Riyal and United Arab Emirates Dirham The company does not currently hedge against these foreign currency risks

Interest rate risk

During the period the company had access to overdraft facilities made available to the Balfour Beatty group as a whole The rate of interest currently paid on any overdrawn balances is variable, linked to the Bank of England base rate Despite the variable nature of the interest rate, the company is not at this time exposed to significant unplanned costs due to the company's current borrowing levels

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the company provides services on deferred payment terms Company policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures In agreeing annual budgets, operating units set limits for debtors' days and doubtful debts expense against which performance is monitored at both operating unit and Balfour Beatty Group levels Aged debtor reports are issued to senior management on a regular basis in order to manage doubtful debt risk

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generation by its operations, using day's sales outstanding and cash flow targets In respect of significant funding requirements (for example, pension scheme contributions or expenditure in connection with important, long term contracts) cash requirements will be highlighted well in advance of the projected date of payment and arrangements made for specific funding where necessary In its funding strategy, the company's objective is to maintain a balance between continuity of funding and flexibility through the use of pooling arrangements and overdrafts

Dividends

The directors do not recommend a dividend for the year ended 31 December 2011 (14 months ended 31 December 2010 £nil)

Directors

The following were directors of the company during the year and up to the date of this report, except as noted, are as follows

N W J Flew
S D Bingham
S J Reffitt - appointed 5 October 2011

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Directors' report (continued)

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment Trade creditors of the company at 31 December 2011 were equivalent to 14 (2010 19) days' purchases, based on the average daily amount invoiced by suppliers during the period

Employment policy

The company is committed to implementing a proactive diversity policy and action plan that ensures that our practices and policies fairly reflect the communities we operate in and serve as well as helping our clients achieve their diversity goals This includes a total commitment to ensure non-discrimination and equal opportunity in employment, regardless of gender, marital status, age, sexual orientation, race, colour, religion, ethnic or national origin In particular it ensures full and fair consideration is given to the employment needs of disabled persons and the need to comply with all current and proposed employment legislation on equality Our diversity action plans also ensures for example that disabled persons are able to participate fully in training and career development programmes

Employee consultation

In line with the Parsons Brinckerhoff five year strategic plan which recognises that our employees are our most valuable asset, the company has a number of established Career Development Programmes

In addition, many engineering graduates are enrolled on an accredited and structured training programme, leading to chartered status Employees are encouraged to seek a mentor, or to mentor other employees, and are supported wherever possible to actively develop both personally and professionally

All professional development activities are designed to promote and meet business objectives, and employees are kept up to date with commercial, technical and developmental initiatives through a range of in-house publications "Practice Area Networks" have been created in 53 technical and professional disciplines, linking employees working in those disciplines throughout PB globally

Further, a "Professional Growth Network" (PGN) operates within PB for emerging professionals with up to ten years' experience The PGN is financially supported by the company to facilitate organised involvement in establishing best practice in all aspects of employment, career development and recruitment, as well as promoting corporate citizenship and liaison with universities and schools

During 2005 a staff consultation group (named the "Information and Consultation Forum") was established The Information and Consultation Forum comprises 12 employee representatives elected from UK regional offices together with four company representatives nominated by management The purpose of the Forum is to promote enhanced two-way communication between the company and its staff with particular emphasis on opportunities to improve business performance and on matters that may impact employees The Forum has met regularly during the year and has recommended a number of enhancements to company communication, which have subsequently been adopted

Information relating to current business performance, organisational changes and future strategic developments has continued to be communicated to employees through staff briefings which take place at each of the permanent office locations within the UK

Auditor

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 auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of the information

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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by

S D Bingham
Director

Dated 14 June 2012

Registered office
Amber Court
William Armstrong Drive
Newcastle Business Park
Newcastle upon Tyne
NE4 7YQ

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period 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, and
- prepare the financial statements on a 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 auditor's report to the members of PB Limited

We have audited the financial statements of PB Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Accounting Policies 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 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 loss 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

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

Dated 15 June 2012

Profit and loss account

for the year ended 31 December 2011

	Note	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
		£'000	£'000
Turnover	1	68,304	98,817
Cost of sales		(29,033)	(39,463)
Gross profit		39,271	59,354
Administration expenses		(39,361)	(62,923)
Operating loss	2	(90)	(3,569)
Interest payable and similar charges	5	(265)	(164)
Other finance expense	17	(892)	(1,312)
Interest receivable and similar income	6	4	14
Loss on ordinary activities before taxation		(1,244)	(5,031)
Tax credit on loss on ordinary activities	7	499	577
Retained loss for the year	14	(744)	(4,454)

All results are from continuing operations

Statement of total recognised gains and losses
for the year ended 31 December 2011

	Note	For the 12 months ended 31 December 2011 £'000	For the 14 months ended 31 December 2010 £'000
Retained loss for the period		(744)	(4,454)
Actuarial loss on retirement benefits obligations	17	(8,024)	(2,623)
Indirect contributions to pension plan	17	313	458
Deferred tax on movements in retirement benefits obligations	7	1,243	272
Total recognised losses for the period		(7,212)	(6,347)

Balance sheet

At 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	8	20	21
Investments in subsidiaries	9	100	100
		120	121
Current assets			
Debtors amounts falling due within one year	10	48,471	57,254
Deferred tax asset	7	782	617
Cash at bank and in hand		2,139	3,294
		51,392	61,165
Creditors amounts falling due within one year	11	(34,321)	(41,633)
Net current assets		17,071	19,532
Net assets before retirement benefits obligations		17,191	19,653
Retirement benefit obligations	17	(29,331)	(24,581)
Net liabilities		(12,140)	(4,928)
Capital and reserves			
Called up share capital	12	8,139	8,139
Share premium account	13	8,181	8,181
Capital redemption reserve	13	3,094	3,094
Capital contribution	13	7,200	7,200
Profit and loss account	13	(38,754)	(31,542)
Shareholders' deficit	14	(12,140)	(4,928)

These financial statements of PB Limited (registered number 656314) were approved by the Board of Directors on 14 June 2012 and signed on its behalf by

S D Bingham
Director

Statement of accounting policies

for the year ended 31 December 2011

The principal accounting policies are summarised below They have all been applied consistently throughout the year and preceding period

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The financial statements present information about the company as an individual undertaking and not about its group As permitted by section 400 of the Companies Act 2006, no consolidated accounts have been prepared as the company is a wholly owned subsidiary of Balfour Beatty plc

The company's ultimate parent undertaking, Balfour Beatty plc, prepared consolidated financial statements which include the company and are publicly available The company is therefore, exempt from the requirement of FRS 1 "Cash Flow Statements" to present a cash flow statement

b) Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review which forms part of the directors' report The directors' report also describes the financial position of the company, its cash flows, liquidity position and borrowing facilities, the company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit risk and liquidity risk

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation In accordance with FRS 11, any impairment of fixed assets is charged to the profit and loss account in the accounting period in which it arises

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows

Freehold land	nil
Long leasehold buildings	40 years
Leasehold improvements	40 years (or term of lease if shorter)
Furniture, fixtures and equipment	5-20 years

d) Investments

Investments comprise holdings in subsidiary undertakings The company's investments are stated at cost, less provisions for impairment

e) Long-term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years Full provision is made for losses on all contracts as soon as they are foreseen and these are included within creditors as accruals for foreseeable losses

Contract work in progress representing turnover recognised in excess of billings at period end is included within debtors as amounts recoverable on contracts, at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover Payments in advance are included in creditors and represent amounts billed in advance of work being carried out

Statement of accounting policies (continued)
for the year ended 31 December 2011

f) 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 substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but have 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 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 substantively enacted by the balance sheet date Deferred tax is measure on a non-discounted basis

g) Turnover
Turnover is stated net of value added tax, comprises the sales value of work done and services rendered on contracts and includes expenses recharged to clients Revenue on time and expense contracts is included in sales as the work is done

Turnover is attributable to one continuing activity, the provision of consulting and engineering services

h) Leases
Operating lease rentals are charged to the profit and loss account as incurred, on a straight line basis over the lease term, except where, in the opinion of the directors, onerous lease terms exist In this instance provision is made for future rental and other property costs in the accounting period in which it arises

i) Retirement benefits
For the defined benefit scheme the amounts charged to operating profit are the current service costs and the gains and losses on settlements of curtailments They are included as part of administrative expenses Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest cost and expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The actuarial valuations are obtained at least triennially and are updated at each balance sheet date The resulting defined benefit liability, net of the related deferred tax, is presented separately on the face of the balance sheet

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year Differences between the contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

j) Provisions for liabilities and charges
A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

k) Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date All exchange differences are included in the profit and loss account

Statement of accounting policies (continued)
for the year ended 31 December 2011

l) Income from shares

Dividends on shares in subsidiary undertakings are recognised in the financial statements of the company once they have been received

1 Turnover

An analysis of turnover by geographical market is given below

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	£'000	£'000
Europe	68,288	98,670
Middle East	5	69
Africa	11	48
Far East and Australasia	-	30
	68,304	98,817

2 Operating loss

Operating loss is stated after charging

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	£'000	£'000
Depreciation of tangible fixed assets	5	146
Operating lease rentals Land and buildings	225	225
Operating lease rentals Other	156	116
Foreign exchange losses	200	371

The auditor's remuneration for the audit of the company's accounts for the year ended 31 December 2011 was £63,000 (14 months ended 31 December 2010 £105,000) and was borne by a fellow subsidiary undertaking of the Balfour Beatty Group

3 Directors' emoluments

The directors received no remuneration for their services to the company for the year ended 31 December 2011 (14 months ended 31 December 2010 £nil) Their remuneration is borne by other entities within the Balfour Beartty Group, and the directors do not believe that it is practical to apportion these amounts between the company and the other entities concerned

4 Staff numbers and costs

The aggregate payroll costs of persons employed by the company were as follows

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	£'000	£'000
Wages and salaries	41,044	51,830
Social security costs	4,114	5,399
Other pension costs	3,268	5,935
	48,426	63,164

4 Staff numbers and costs (continued)

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	No	No
Technical	1,469	1,617
Non-technical	30	26
	1,499	1,643

5 Interest payable and similar charges

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	£'000	£'000
Bank interest payable	163	77
Loan notes from fellow group undertakings	102	87
	265	164

6 Interest receivable and similar income

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	£'000	£'000
Bank interest	4	-
Other interest received	-	14
	4	14

7 Taxation

a) Tax credit on loss on ordinary activities

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	£'000	£'000
Current tax		
UK corporation tax - current period	(917)	(1,911)
UK corporation tax - prior year	26	-
Total current tax credit	(891)	(1,911)
Deferred tax		
Decrease in estimate of deferred tax asset	603	474
Origination and reversal of timing differences	(211)	837
Effect of decrease in tax rate on closing asset	-	23
	392	1,334
Tax credit on loss on ordinary activities	(499)	(577)

b) Tax included in statement of total recognised gains and losses

The tax credit is made up as follows

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	£'000	£'000
Deferred tax movement in retirement benefit obligations	1,243	272

c) Factors affecting the current tax charge for the current period

The current tax charge for the period differs from the standard rate of corporation tax in the UK of 26 5%, (2010 28%) The differences are explained below

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	£'000	£'000
Loss on ordinary activities before tax	(1,244)	(5,031)
Current tax at 26 5% (2010 28%)	(330)	(1,409)
Effects of		
Expenses not deductible for tax purposes	-	1
Pension adjustments	(603)	(722)
Permanent differences	14	179
Prior year adjustment	26	
Short term timing differences	2	40
Total current tax credit	(891)	(1,911)

7 Taxation (continued)

d) Deferred tax

The company has provided for deferred tax assets / (liabilities) in full, in accordance with FRS 19 The amounts provided (calculated at 25%, 2010 27%) are as follows

	For the 12 months ended 31 December 2011	For the 14 months ended 31 December 2010
	£'000	£'000
Decelerated capital allowances	614	435
Tax losses	169	182
	783	617
Retirement benefit obligations	9,777	9,092
	10,560	9,709
Deferred tax asset at beginning of period	9,709	10,771
Charged to the profit and loss account	(392)	(1,334)
Credited to statement of total recognised gains and losses	1,243	272
Deferred tax asset at end of period	10,560	9,709

The Finance Act 2011 was substantively enacted on 19th July 2011 implementing a reduction to the main UK corporation tax rate from 27% to 25% effective from April 2012 As a result of the change, the deferred tax balances have been re-measured

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

8 Tangible fixed assets

	Long leasehold buildings	Leasehold improvement	Furniture, fixtures and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2011	10	44	277	331
Additions	-	-	3	3
Disposals	-	-	(263)	(263)
At 31 December 2011	10	44	17	71
Depreciation				
At 1 January 2011	-	37	273	310
Charge for the year	-	2	2	4
Elimination on disposal	-	-	(263)	(263)
At 31 December 2011	-	39	12	51
Net book value				
At 31 December 2011	10	5	5	20
At 31 December 2010	10	7	4	21

Notes to the financial statements (continued)

for the year ended 31 December 2011

9 Investments in subsidiaries

	£'000
Cost	
At 1 January 2011	310
Additions during the period	-
At 31 December 2011	310
Provision	
At 1 January 2011 and 31 December 2011	210
Net book value	
At 31 December 2011	100
At 31 December 2010	100

Principal investments

The company has investments in the following principal subsidiaries

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of
Kennedy & Donkin Transportation Limited	England and Wales	Consulting engineers	100% ordinary shares of £1 each
K&D Power Limited	England and Wales	Consulting engineers	100% ordinary shares of £1 each
K&D Generation & Industrial Limited	England and Wales	Consulting engineers	100% ordinary shares of £1 each

10 Debtors

	31 December 2011 £'000	31 December 2010 £'000
Trade debtors	496	459
Amounts recoverable on contracts	675	438
Amounts owed by fellow group undertakings	44,966	54,040
Corporation tax receivable	917	1,911
Other debtors	1,266	255
Prepayments	5	41
Overseas tax receivable	146	110
	48,471	57,254

Amounts owed by fellow group undertakings are not interest bearing and are repayable on demand

Notes to the financial statements (continued)
for the year ended 31 December 2011

11 Creditors amounts falling due within one year

	31 December 2011	31 December 2010
	£'000	£'000
Bank overdraft	16,172	20,107
Payments received on account	246	363
Trade creditors	642	1,022
Amounts owed to fellow group undertakings	12,604	13,626
Other taxes and social security	2,521	2,060
Other creditors	924	1,319
Accruals and deferred income	1,212	3,136
	34,321	41,633

Amounts owed to fellow group undertakings includes a loan note of £8,745,622 (2010 £8,745,622) received from Parsons Brinckerhoff Overseas Holdings Limited It is repayable at the option of the company or on demand by Parsons Brinckerhoff Overseas Holdings Limited and it is thus considered to be due for settlement in less than one year An interest rate of 1% per annum applies All other amounts owed to fellow undertakings in the UK Group are not interest bearing and are repayable on demand

12 Share capital

	31 December 2011	31 December 2010
	No	No
Authorised		
Ordinary shares of 25p each	2,750,000	2,750,000
Redeemable non-cumulative 0% 'D' preference shares of £1 each	7,800,000	7,800,000
	10,550,000	10,550,000

	31 December 2011	31 December 2010
	£'000	£'000
Allotted, called up and fully paid		
Ordinary shares of 25p each	339	339
Redeemable non-cumulative 0% 'D' preference shares of £1 each	7,800	7,800
	8,139	8,139

'D' preference shares rank pari passu with the ordinary share capital of the company

'D' preference shares carry an entitlement to vote at general meetings and are redeemable at any time by the company at par On a winding up of the company, the preference shareholders have a right to receive, in preference to the ordinary shareholders, the nominal value of their shares The directors consider that given provisions in the company's articles of association relating to their power to issue new ordinary shares, the owners of the ordinary shares have control of the company

Notes to the financial statements (continued)
for the year ended 31 December 2011

13 Capital and reserves

	Called up share capital	Share premium account	Capital redemption reserve	Capital contribution	Profit and loss account	Total capital and reserves
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2010	8,139	8,181	3,094	7,200	(31,542)	(4,928)
Loss for the financial period	-	-	-	-	(744)	(744)
Actuarial loss on retirement benefits	-	-	-	-	(8,024)	(8,024)
Indirect contributions to pension plan	-	-	-	-	313	313
Deferred tax on movement in retirement benefit obligations	-	-	-	-	1,243	1,243
At 31 December 2011	8,139	8,181	3,094	7,200	(38,754)	(12,140)

14 Reconciliation of movements in shareholders' deficit

	31 December 2011	31 December 2010
	£'000	£'000
Loss for the financial period	(744)	(4,454)
Actuarial loss on retirement benefits obligations	(8,024)	(2,623)
Indirect contributions to pension plan	313	458
Deferred tax movement in retirement benefits obligations	1,243	272
Net increase in shareholders' deficit	(7,212)	(6,347)
Opening shareholders' (deficit) / funds	(4,928)	1,419
Closing shareholders' deficit	(12,140)	(4,928)

15 Lease obligations

Annual commitments under non-cancellable operating leases are as follows

	31 December 2011		31 December 2010	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	-	11	-	10
Within two to five years	-	53	-	40
After more than five years	225	-	225	-
	225	64	225	50

16 Contingent liabilities and financial commitments

The company faces contingent liabilities in the ordinary course of business including advance payment guarantees Any losses foreseen under these arrangements are provided for in the financial statements

17 Retirement benefit obligations
PB UK Group Pension Plan
Defined contribution pension plan

The company operates a defined contribution retirement benefits scheme for all qualifying employees The assets of the schemes are held separately from those of the company in funds under the control of the trustees Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the company are reduced by the forfeited contributions

The pension cost for the period in respect of the "PB Defined Contribution Pension Plan" ("the scheme") represents contributions payable by the company to the scheme and amounts to £3,268,000 (2010 £5,936,000) Contributions amounting to £163,104 (2010 £394,512) were outstanding at the period end under the scheme and are included in creditors

Defined benefit pension plan

With effect from 1 August 2003, the PB UK Group Pension Plan (the 'Plan') was closed to further accrual of defined benefits and members were granted deferred pensions based on their salary and service at that date Future pension provision for the employees who were members of the Plan at the date of closure is provided under the Scheme described above Under the projected unit method the current service cost will increase as the members of the Plan approach retirement

An actuarial valuation as at 31 March 2008 was completed in respect of the defined benefit element of the Plan, and this was updated for FRS17 purposes to 31 December 2010 by a qualified independent actuary In a Schedule of Contributions dated 15 March 2007, the Trustees agreed that the company will contribute the following amounts to the Plan in order to reduce the current deficit position of the Plan £3 1 million for the three years from 1 April 2007 until 31 March 2010 and thereafter annual contributions of £5 4 million until 31 March 2022 All amounts will be paid on a quarterly basis in advance A gain sharing agreement has been entered into whereby the Plan will benefit from excess funds in the company in accordance with an agreed calculation, this would be payable annually where excesses are earned This amount in respect of the 14 months ended 31 December 2010, which has not yet been quantified, is due to be finalised in June 2011 and will be for a maximum sum of £1 million payable by the company

A legal charge is held by the plan over the Parsons Brinckerhoff Limited's long leasehold building The legal charge will expire on 31 March 2022 Balfour Beatty Investment Holdings Limited provided a guarantee to the plan covering 105% of the PPF liabilities up to a maximum of £110,000,000, to be used in the event that the Company is unable to meet its plan liabilities

Allocation of the Plan

The policy of the Balfour Beatty Group is that the assets, liabilities, income and expenditure relating to the Plan should be allocated to each of the participating companies in the scheme in proportion to the number of scheme members for the period The Plan 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 Plan

17 Retirement benefit obligations (continued)

FRS 17 accounting valuation

The principal actuarial assumptions for the FRS 17 accounting valuations of the Plan are as follows

	PB UK Group Pension Plan 2011	PB UK Group Pension Plan 2010
Discount rate obligations	4 85%	5 45%
Expected return on Plan assets	6 50%	6 50%
Inflation rate - RPI	2 95%	3 40%
Inflation rate - CPI	2 05%	2 90%
Future increases in pensionable salary		
- Pension increases (LPI 5%)	3 30%	3 30%
- Pension increases (LPI min 3%, max 5%)	3 70%	3 70%

The mortality tables adopted for the 2010 and 2011 FRS 17 valuation are the SAPS tables with a multiplier of 70% and an improvement rate of 1 5% pa from 2003 to 2010, plus future improvements from 2010 in line with the CMI core projection model applicable to each member's year of birth with a long-term rate of 1 5% pa

	2011 Average life expectancy at 65 years of age	2010 Average life expectancy at 65 years of age
Members in receipt of pension		
- Male	24 6 years	24 5 years
- Female	27 2 years	27 0 years
Members not yet in receipt of pension		
- Male	27 1 years	27 0 years
- Female	29 7 years	29 5 years

Based on the allocation of the Plan described in the statement of accounting policies, the amounts recognised in the PB Limited Balance sheet are as follows

	PB UK Group Pension Plan 2011	PB UK Group Pension Plan 2010
	£'000	£'000
Present value of funded obligations	(122,752)	(115,417)
Fair value of Plan assets	83,644	81,744
	(39,108)	(33,673)
Deferred tax on retirement benefit obligations	9,777	9,092
Liability in the balance sheet	(29,331)	(24,581)

17 Retirement benefit obligations (continued)

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

	PB UK Group Pension Plan 2011	PB UK Group Pension Plan 2010
	£'000	£'000
Current service cost	(413)	(588)
Expected return on Plan assets	5,248	5,543
Interest cost	(6,140)	(6,855)
Total charged to profit and loss account	(1,305)	(1,900)

Of the charge for the year, £413,000 (14 months ended 31 December 2010 £588,000) has been included in administration expenses and £892,000 (14 months ended 31 December 2010 £1,312,000) in other finance expense

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

	PB UK Group Pension Plan 2011	PB UK Group Pension Plan 2010
	£'000	£'000
Actuarial loss on pension scheme obligations	(6,695)	(7,089)
Actuarial (loss) / gain on pension scheme assets	(1,330)	4,466
Total actuarial loss recognised in the statement of total recognised gains and losses	(8,025)	(2,623)

The actual return on Plan assets was a loss of £3,918,000 (14 months ended 31 December 2010 £10,008,000)

The movement in the present value of obligations is as follows

	PB UK Group Pension Plan 2011	PB UK Group Pension Plan 2010
	£'000	£'000
At the beginning of the period	(115,417)	(107,521)
Current service cost	(413)	(588)
Interest cost	(6,140)	(6,855)
Actuarial loss	(6,695)	(7,089)
Benefits paid from Plan	5,500	6,048
Expenses paid	413	588
At the end of the period	(122,752)	(115,417)

17 Retirement benefit obligations (continued)

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

	PB UK Group Pension Plan 2011	PB UK Group Pension Plan 2010
	£'000	£'000
At the beginning of the period	81,743	74,102
Expected return on Plan assets	5,248	5,543
Actuarial (loss) / gain on Plan assets	(1,330)	4,465
Employer contributions	3,896	4,269
Benefits paid from Plan	(5,500)	(6,048)
Expenses paid	(413)	(588)
At the end of the period	83,644	81,743

The fair value and expected rates of return on the company's share of the assets held by the Plan at 31 December are as follows

	Expected rate of return 2011	Value 2011	Expected rate of return 2010	Value 2010
	%	£'000	%	£'000
Equities	7 30	47,292	8 20	48,147
Bonds	2 50	26,264	4 30	28,773
Cash and other net assets	4 00	10,088	3 90	4,823
	5 39	83,644	6 50	81,743

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 long term rates of return on equities, funds of hedge funds and property are derived from current risk free rates of return with the addition of an appropriate future risk premium from an analysis of historic returns, current market conditions and forward looking views from market participants,

- bonds the rate has been set to reflect the yields available on the gilts and corporate bond holdings held at 31 December, and

- 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

Contributions include the annual amount of £3,165,000 agreed with the trustees for the year in 2011 (14 months ended 31 December 2010 £3,165,000), additional net contributions in respect of the assignment of a property lease of £313,000 (14 months ended 2010 £458,000), and a gain share payment of £nil (14 months ended 31 December 2010 £656,000) The total contributions to the defined benefit plan for the next year are expected to be £3,152,000, including additional net contributions in respect of the assignment of a property lease of £287,000 and a gain share payment of £nil

17 Retirement benefit obligations (continued)

Period end historical information for the company share of the Plan is as follows

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligations at end of period	(122,752)	(115,417)	(107,521)	(86,155)	(100,439)
Fair value of assets at end of period	83,644	81,744	74,102	62,309	74,442
Deficit at end of period	(39,108)	(33,673)	(33,419)	(23,846)	(25,997)
Difference between the expected and actual return on Plan assets					
- Amount	(1,330)	4,465	8,799	(14,208)	(3,159)
- Percentage of Plan assets	2%	5%	12%	(23%)	4%
Experience gain / (loss) on Plan liabilities					
- Amount	(134)	426	208	674	(10)
- Percentage of Plan liabilities	0%	1%	0%	1%	0%

18 Related party transactions

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

19 Ultimate parent undertaking and controlling party

The company is a wholly-owned subsidiary undertaking of Parsons Brinckerhoff Overseas Holdings Limited, a company incorporated 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 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 130 Wilton Road, London, SW1V 1LQ, and on the Balfour Beatty website www balfourbeatty com

20 Subsequent events

There has been no material, non-adjusting events since the balance sheet date to the date of these financial statements requiring disclosure under FRS 21