

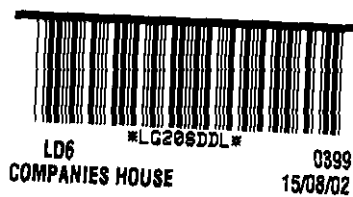


**ANDERSEN**

**Balfour Beatty Rail Plant Limited**

Financial statements for the year ended 31 December 2001  
together with the directors' and auditors' report

Registered number: 1982627



## Directors' report

For the year ended 31 December 2001

The directors present their report on the affairs of the company, together with the financial statements and the auditors' report, for the year ended 31 December 2001.

### Principal activity and business review

The company acts as the agent of Balfour Beatty Group Limited in the business of plant and transport hire. The company has assets and employees available to it from its parent company to enable it to carry out its activities. The results of the business are dealt with in the financial statements of Balfour Beatty Group Limited.

### Results

The company did not trade during the year and has made neither profits or losses. Accordingly no profit and loss account is presented within the financial statements. The financial position at 31 December 2001 is shown on the balance sheet on page 6.

### Directors and their interests

The directors who were in office during the year and up to the date of this report were as follows:-

R.J. Reed (resigned 20 May 2002)  
K. Fidler  
J.L. Cohen (resigned 20 May 2002)  
A.P. Hutchinson  
K.A. Busman

The directors who held office at 31 December 2001 had no interests (including options) other than those shown below, in the share capital of Balfour Beatty plc.

	1 January 2001 Number	31 December 2001 Number
K. Fidler	5,000	5,000
R.J. Reed	2,859	2,940
K.A. Busman	-	520

Other than as disclosed above the directors do not hold any shares in Balfour Beatty plc or other group undertakings. Share options in Balfour Beatty plc at 1 January 2001 (or the date of appointment to the Board if later) and 31 December 2001 were as follows:-

	Executive scheme		SAYE scheme	
	2001 Number	2000 Number	2001 Number	2000 Number
K.A. Busman	-	-	6,073	7,423
K. Fidler	35,000	25,000	8,592	8,334
A.P. Hutchinson	65,000	45,000	682	305
R.J. Reed	-	-	5,854	6,684

## Directors' report (continued)

### Directors and their interests (continued)

As at 31 December 2001 the undermentioned directors had outstanding the following options to acquire ordinary shares in Balfour Beatty plc under the terms of the Balfour Beatty plc executive share option scheme and the Balfour Beatty plc SAYE scheme.

	At 1 January 2001 Number	Lapsed Number	During year Exercised	Granted Number	At 31 December 2001 Number
K.A. Busman					
- SAYE	7,423	(2,012)	(520)	1,182	6,073
K. Fidler					
- Executive scheme	25,000	-	-	10,000	35,000
- SAYE	8,334	(1,802)	-	2,060	8,592
A.P. Hutchinson					
- Executive scheme	45,000	-	-	20,000	65,000
- SAYE	305	-	-	377	682
R.J. Reed					
- Executive scheme	6,684	(1,610)	-	780	5,854

The options were granted under Balfour Beatty plc employees' share option schemes.

All interests at 1 January 2001, or the date of appointment and at 31 December 2001 are beneficial and are in respect of numbers of ordinary shares in Balfour Beatty plc.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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.

## Directors' report (continued)

### Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. 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.

### Auditors

Special notice having been received pursuant to Section 391 (A) of the Companies Act 1985, the directors will place a resolution before the annual general meeting to appoint Deloitte & Touche as auditors in place of Arthur Andersen.

Arthur Andersen have indicated that there are no circumstances connected with their resignation as auditors of the company which they consider should be brought to the notice of the shareholders.

By order of the Board

7 Mayday Road  
Thornton Heath  
Surrey  
CR7 7XA



A.P. Hutchinson  
Director

23 July 2002

**To the Shareholders of Balfour Beatty Rail Plant Limited**

We have audited the financial statements of Balfour Beatty Rail Plant Limited for the year ended 31 December 2001 which comprise the Balance sheet and the related notes numbered 1 to 7. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

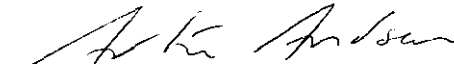
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

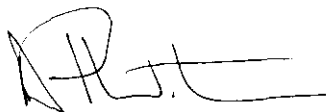
180 Strand  
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23 July 2002

**Balance sheet**  
31 December 2001

	Notes	31 December 2001 £	31 December 2000 £
<b>Current assets</b>			
Debtors - Amounts due from group undertakings		<u>100</u>	<u>100</u>
<b>Capital and reserves</b>			
Called-up share capital	5	<u>100</u>	<u>100</u>
<b>Equity shareholders' funds</b>		<u>100</u>	<u>100</u>

The financial statements were approved by the Board of Directors on 23 July 2002 and signed on its behalf :



A.P. Hutchinson  
Finance Director

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

## Notes to the financial statements

31 December 2001

### 1 Accounting policies

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

#### *a) Basis of preparation*

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

#### *b) Cash flow statement*

Under the provision of Financial Reporting Standard No. 1 "Cash flow statements" (Revised) no cash flow statement has been provided as the ultimate parent company, Balfour Beatty plc, which is registered in England and Wales, has provided a consolidated cash flow of the company and which are available to the public.

### 2 Results

All transactions are entered into as an agent of Balfour Beatty Group Limited in whose financial statements such transactions are recorded. The company has not traded on its own account and accordingly has made neither a profit nor a loss in the year. No profit and loss account is therefore prepared. The auditors' remuneration is borne by Balfour Beatty Group Limited.

### 3 Directors' emoluments

No directors are entitled to remuneration or other emoluments for services to the company.

The directors participate in a share option scheme operated by the ultimate parent company. The above amounts do not include any gains made in the exercise of share options or the value of any shares. One director exercised share options during the year (2000 - Nil).

### 4 Employees

The company has employees who are employed pursuant to the agency arrangements.

### 5 Share capital

	31 December 2001 £	31 December 2000 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, issued and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>



## Notes to the financial statements (continued)

31 December 2001

### **6 Related party transactions**

Transactions with other group companies have not been disclosed within these financial statements in accordance with the exemption inferred by Financial Reporting Standard No. 8 "Related party transactions" for wholly owned subsidiaries of companies whose consolidated financial statements are publicly available.

### **7 Ultimate parent company**

The company is a subsidiary undertaking of Balfour Beatty Group Limited, which is registered in England and Wales. Its ultimate holding company is Balfour Beatty plc, incorporated in Great Britain.

The smallest group in which the results of the company are consolidated is that headed by Balfour Beatty Group Limited. The financial statements of Balfour Beatty Group Limited are available to the public and may be obtained from the Secretary, 7 Mayday Road, Thornton Heath, Surrey, CR7 7XA.

The largest group in which the results of the company are consolidated is that headed by Balfour Beatty plc. The consolidated financial statements of this group are available to the public and may be obtained from 130 Wilton Road, London, SW1V 1LQ.